

Annual Report 1997-98

MD		BKC	
CS		DIV	
RO		DIV	
TRA		AC	
AGM		SHI	
YE			

502425

Report Function

GUJARAT AMBUJA CEMENTS LTD.



ANNEXURE II

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30th JUNE, 1998

Name & Age (Years)	Designation/ Nature of Duties	Remu- neration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Last Employment
A) Employed throughout the financial year						
Agarwal Jyoti (39)	Dy. General Manager (Marketing)	300,530	M.Com.	18	08.04.87	Rajashri Cements, Asst. Marketing Officer
Ajrekar K.R. (49)	Chief Officer	485,415	Master(F.G.)	29	13.03.97	Indian Navy, Master
Alachiya F.J. (38)	Dy. General Manager (Instrumentation)	398,591	Dip. (E&S System) PG.Dip. (IC & Engg.)	16	27.06.86	Shree Digvijay Cement Co. Ltd., Jr. Inst. Engineer
Alfred K.J. (48)	General Manager (Electrical)	410,692	LEE, B.E. (Elect.)	24	16.05.85	Shree Digvijay Cement Co. Ltd., Engineer (Electrical)
Ansari M. M. (43)	Sr. Manager (Instrumentation)	355,133	Dip. (Inst. Technology) PG.Dip. (Indl. Electronics)	21	21.12.84	Dynacraft Machine Co. Ltd., Sr. Engineer
Antony C. (39)	Dy. General Manager (Instrumentation)	352,311	B.Sc. (Physics)	17	01.07.85	L & T Cement, Instrument Tech. Engineer
Bakshi P.D. (36)	Engineering Superintendent	569,897	B.E. (Marine)	11	27.12.95	VShips Norway A.S., Second Engineer
Bakshi T.P.S. (53)	Master	720,679	Master(F.G.)	30	28.05.97	Indian Navy, Master
Banerjee M.N. (55)	Sr. General Manager (Civil)	382,015	B.Sc.(Hons), B.E. (Civil)	32	04.09.92	Oriental Electric & Engg. Co., Calcutta, Regional Manager
Beond A.D. (54)	Chief Engineer	659,376	MOT I Class	32	10.12.94	Bilabong Bergon, Chief Engineer
Bhar B.A.S. (46)	Master	686,997	Master(F.G.)	26	07.10.94	Indian Ocean Ship Management, Chief Officer
Bharambe A.P. (38)	Sr. Manager (Indl. Engg.)	375,933	B.E. (Prod.), M.E. (Prod.), GDMM, CRT CMFSC	14	01.01.87	Saurashtra Cement & Chemical Inds. Ltd., Industrial Engineer
Bose G.K. (48)	Port Captain	531,006	L.L.B.	28	04.04.96	Triton Agency, Pilot
Chamoli M.L. (51)	Vice President (Operations)	766,932	B.Sc.	30	25.09.85	Maihar Cement, Dy. Manager (Production)
Chanchal K. (45)	General Manager (Instrumentation)	446,227	Dip.-Electronics	21	04.03.85	Larsen & Toubro Ltd., Grade II Engineer
Chouhan E.D. (57)	Master	662,028	Master(F.G.)	36	25.07.94	Hode Ferrominas Pvt. Ltd., Master
Chawla A.L. (51)	Chief Engineer	806,094	MOT Ist Class	30	16.05.97	Under Water Services, Chief Engineer
Chetal D.V. (54)	Chief Engineer	775,903	MOT Ist Class	31	17.11.96	Gal Off Shore, Chief Engineer
Darak R.R. (42)	Financial Controller	928,561	B.Com., F.C.A., A.C.S.	19	16.10.85	W.H. Brady & Co. Ltd., Chief Accountant-cum-Asst. Secretary
De Sales D.I. (40)	Chief Officer	591,844	Master(F.G.)	18	08.05.97	Damania Shipping, Chief Officer
Desai A.R. (36)	General Manager (Marketing)	401,172	B.E. (Chem), MBA (mktg)	12	18.06.87	Torrent Laboratories Pvt. Ltd., Marketing Officer
Desai J.P. (53)	Vice President (Technical Services)	953,206	B.Sc., B.E. (Civil)	30	23.06.86	Indian Hume Pipe Co. Ltd., Development Engineer
Desai S.M. (57)	Terminal Manager	343,464	D.M.E., D.E.E.	33	01.01.87	Shree Digvijay Cement Co. Ltd., Senior Mechanical Engineer
Deshmukh V.S. (40)	Dy. General Manager (Project)	488,148	B.E. (Mech.), M.B.A.	16	01.01.92	Lloyds Steel Industries Ltd., Assistant Manager
Deshpande V.V. (41)	General Manager (Advertising)	359,188	B.Com., Dip. in Advt. & PR, Dip. Jour.	20	21.09.87	Raymond Woollen Mills Ltd., Assistant
Dordi C.M. (51)	Sr. General Manager (Technical Services)	525,757	B.Tech., M.Tech	22	14.05.94	Tata Electric Co. Ltd., Manager (Civil)
Doshi J.N. (33)	Sr. Manager (Treasury)	374,229	B.Com., LLB (Gen), A.C.A., DEIM	11	26.11.91	E. Merck (I) Ltd., Assistant Controller
Duggal Sunil (36)	Sr. Manager (Operation)	318,161	B.E. (Elec.)	14	07.09.92	Modi Cement Ltd., Dy. Manager (Elec.)
Dulani B.S. (57)	Joint President (Works)	837,874	B.Sc.	35	14.01.87	Lakshmi Cement, Production Manager
Engineer N.J. (48)	Master	677,298	Master (F.G.)	28	03.03.96	Damania Shipping, Chief Officer
Gailot K.K. (43)	Sr. Manager (Projects)	452,180	DMET (Marine), B.E. (Mechanical)	19	09.05.94	Concorde Shipping Pvt. Ltd., Dy. Tech. Manager

GUJARAT AMBUJA CEMENTS LIMITED

Name & Age (Years)	Designation/ Nature of Duties	Remu- neration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Last Employment
Godsay M.B. (39)	Asst. General Manager (Legal)	363,855	B.Com., LLB.	18	10.05.96	Ajmara Group of Companies, Chief Legal Executive
Goel S.K. (53)	Manager (Q.C.)	307,458	B.Sc.	31	01.06.95	Birla Cements Works, Sr. Chemist
Govil A.K. (62)	General Manager (Personnel)	503,613	B.Sc, M.S.W.	39	13.09.95	Subros Ltd., New Delhi, Dy. General Manager (P & A)
Gowrappan K. (51)	Vice President (Projects)	594,845	B.E. (Mining), DLKLA (Mining)	26	25.06.86	Nagri Mining Co. (P) Ltd., Mining Engineer
Gupta S.K. Capt. (38)	Sr. General Manager (Shipping)	778,732	Master Mariner (Foreign Going)	20	08.02.93	Century Shipping, Marine Manager
Hapani N.K. (48)	Vice President (Operations)	736,011	B.E. (Mechanical), M.I.E.	25	29.10.85	Walchandnagar Industries Ltd., Mechanical Erection Engineer
Hirpara M.M. (47)	Asst. Vice President (Technical)	565,165	B.E.(Production)	23	04.12.93	Self Employed
Iyengar G.R. Capt. (51)	Master	763,309	Master(F.G.)	34	23.12.93	Indian Navy, Master
Jagetiya B.K. (45)	Sr. General Manager (Operations)	515,305	M.Sc. (Chemistry)	24	01.12.88	Birla Cement Works, Chief Chemist
Jain Alok (38)	Sr. Manager (Mechanical)	331,250	B.Sc. (Engg.)	17	01.07.85	Orissa Cement Ltd., Asst. Manager
Jain Jagdish (32)	Sr. Manager (Accounts)	384,635	B.Com.(Hons), M.Com., A.C.A.	09	15.10.88	—
Jain P.C. (69)	President	1,491,682	M.A., M.Com., F.C.S.	42	14.06.85	Rohtas Industries Ltd., Vice President (Cement)
Jain Sanjay (36)	Manager (Project)	332,387	B.E.(Mech.)	13	01.08.85	—
Jain S.P. (47)	Chief Officer	331,517	Master(F.G.)	26	08.11.94	Dolphin Offshore, Chief Officer
Jain S. (34)	Manager (Project Planning & Development)	330,170	B.Tech(Chemical)	13	14.10.88	Cement Corporation of India, Chemical Engineer
Jaiswal K.K. (53)	Master	780,257	Master(F.G.)	28	13.07.96	Interocean Shipping (I) Pvt. Ltd., Master
Jana M.C. (42)	Second Engineer	495,141	Class IV	23	11.11.93	Sea Span Shipping Pvt. Ltd., Third Engineer
Jaya Raj P.A. (47)	Vice President (Marketing)	720,148	M.Sc., D.B.A., D.M.S.	22	11.03.87	Modi Cement Ltd., Dy.Manager (Planning & Co-ordination)
Jayaraman T.B. (63)	Joint President (HRD)	760,093	B.A.(Psychology)	43	28.07.93	Best & Crompton Engg. Ltd., Sr. Vice President (P & A)
Jha S.D. (48)	Sr. General Manager (Civil)	495,822	B.E.(Civil)	26	26.05.94	Bhandari Builders Pvt. Ltd., Chief Engineer
Jhawar K.K. (39)	Terminal Manager	334,232	B.E.(Mechanical)	15	10.04.92	Rajshree Cement, Asst. Manager
Joneja S.L. (50)	Master	763,760	Master(F.G.)	30	18.03.96	VNS Offshore, Master
Joshi S. (37)	Sr. Manager (Accounts)	364,395	B.Com., F.C.A.	14	11.05.92	DCW Ltd., Manager (F & A)
Kanade V.N. (57)	General Manager (P & A)	350,112	B.A., LLB, Dip. in Fire Engg.	34	01.07.95	Pfizer Ltd., Manager (Office Administration)
Kapur Ajay (32)	Executive Assistant to M.D.	416,033	B.A., M.M.S.	08	01.08.93	Citi Bank N.A., Assistant Manager
Karnik A.C. (52)	Sr. Vice President (Commercial)	702,063	M.A.(Eng), LLM, F.C.S.	32	11.03.96	Core Health Care Ltd., Vice President (Commercial)
Kaul Anil (48)	Sr. Vice President	724,990	M.A.	26	01.09.94	Floatglass India Ltd., Deputy Director (Sales & Marketing)
Kekre K.S. (49)	Dy. General Manager (Project Planning & -Development)	393,453	M.Sc. (Applied Physics)	21	23.05.92	Lakshmi Cement, Dy. G.M. (Instrumentation)
Khosya S. (43)	Dy. General Manager (Off Site facilities)	402,996	B.A.	19	01.05.91	Self Employed
Kolte A.V. (60)	Chief Engineer	823,406	MOT I Class	32	14.05.94	Garware Shipping Corporation Ltd., Chief Engineer
Kulkarni P.B. (56)	President	1,616,543	B.E.(Mech.)	32	08.02.83	Lakshmi Cement, Chief Engineer
Kundergi A.B. (50)	Master	928,461	Master(F.G.)	31	29.07.94	Century Shipping, Master
Lalaji B. (45)	General Manager (Information Tech.)	672,891	B.Tech.(Chem), M.Tech.(Indl. Engg.)	21	01.06.96	Merind (I) Ltd. Bombay, Manager Information Technology
Madon R.A.J. (47)	Master	769,586	Master(F.G.)	25	12.09.96	South India Corporation (Agencies) Ltd., Master

Name & Age (Years)	Designation/ Nature of Duties	Remu- neration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Last Employment
Maigonde B. (38)	Engineering Superintendent	558,160	B.E. (Mech.), D.M.E.T.	11	16.07.96	Nomadic Ship Marigum, Chief Engineer
Mathur V.S. (52)	Sr. General Manager (Mines)	523,683	B.E. (Mining)	28	28.10.92	Gogte Mineral, Belgaum, General Manager
Mehra J.N. (60)	Chief Engineer	390,276	MOT I Class	41	23.03.94	Great Eastern Shipping Co.Ltd., Chief Engineer
Mehta P.L. (40)	Officer on Special Duty	499,065	M.Com.,F.C.A., F.C.S.,M.B.A.(U.S.A.)	18	17.08.94	Chem Crown India Ltd., Vice President
Mehta Rajani (43)	Dy. General Manager (Marketing)	335,510	S.S.C.	29	01.02.88	Mitco Management Services, Branch Incharge
Mittal M.P. (59)	Vice President(Commercial)	604,157	B.Sc.,B.E.(Mech.)	36	07.03.94	Mahadeo Fertilisers Ltd., General Manager
Mumick S.S. (62)	Sr. General Manager(Admn.)	378,583	DME, DGD(Aero Engg.)	38	15.03.91	Indian Air Force, Air Commodore
Murthy A.S.N. (43)	Dy. General Manager - Power Project	430,542	B.Tech.	13	04.04.96	Lloyd Steels Ltd., Senior Manager
Nallappa Nagesh (41)	Secretary to MD	348,402	B.Com.	22	29.06.84	Zenith Steel Pipes & Ind. Ltd., P.A. to Chief Internal Auditor
Nanda K. (Ms.) (55)	Chief Economist	471,234	M.A.(Economics)	28	04.06.92	Tata Services Ltd., Research Economist
Narayan R.S. (44)	Chief Engineer	866,797	MOT I Class	24	25.02.97	Great Eastern Shipping Co. Ltd., Chief Engineer
Nayak U.G.S. (50)	Dy. General Manager (Power Project)	383,327	M.Sc. (Engg.),MOT (Engg.)	28	08.12.88	Indian Rayon Ltd., Sr. Supdt. Engineer
Nety R.M. (40)	Sr. Manager (Shipping)	443,818	B.E.(Mech),B.E.(Marine)	16	22.01.96	ABS Marine Services, Staff Chief Engineer
Pandey M.K. (34)	Chief Engineer	691,578	MOT I Class	10	07.01.97	Great Eastern Shipping Co. Ltd., Second Engineer
Pandya A.J. (44)	Vice President (Internal Audit)	489,033	B.Com.(Hons.),F.C.A.	20	12.05.86	Deepak Nitrate Ltd., Internal Auditor
Pandya V.K. (40)	General Manager (Tech. Services)	472,018	Dip. In Civil Engg. (PDCC)	18	26.11.86	Oriental Construction Co., Site Engineer
Parakh P.K. (31)	Dy. Company Secretary	316,203	B.Com.(Hons.), A.C.A., A.C.S.	10	01.07.93	Paharpur Cooling Towers Ltd., Sr. Accountant
Parmar J.L. (44)	Sr. Manager (Civil)	317,888	B.E. (Civil)	22	19.10.84	Orient Cement, Sr. Engineer (Civil)
Pathak Y.Z. (43)	Sr. Manager (R & D)	324,123	M.Sc. Ph.D. (Inorganic Chemistry)	18	28.07.85	Narmada Cement Ltd., Quality Controller
Patwardhan U.S. (46)	Chief Medical Officer	315,595	M.B.B.S., Dip.in Hospital Admn.	20	26.06.92	Larsen & Toubro Ltd., Medical Supdt.
Payal D. (40)	Asst. Vice President (Marketing)	569,069	B.Tech.,PGDBM	16	29.11.91	Jay Pee Rewa Cements, Sr. Sales Manager
Phophalia R.K. (45)	General Manager (Materials)	517,417	B.E.,M.B.A., Import Management	22	19.09.96	Rajshree Cement, General Manager (Commercial)
Pillai R.K. (62)	Sr. Vice President (Works)	647,861	M.A.(Economics), L.L.B.	38	29.06.95	Andhra Cement Co., Chief General Manager
Pradhan S.L. (38)	Master	593,232	Master(FG.)	20	03.04.97	P & O Bulk Carriers, Chief Officer
Raju U.R. (46)	Sr. General Manager (Geology)	521,457	M.Sc.(Tech.)	22	22.07.92	N.C.C.B.M., Programme Leader
Rao A.V. (66)	Chief Executive (Projects)	1,297,973	B.E.(Civil)	45	10.11.90	Straw Products Ltd., Chief Engineer (Construction)
Rao D.N. (56)	General Manager (Civil)	340,580	L.C.E.	35	25.03.94	Bhagwati Design Pvt. Ltd., Sr. Resident Engineer
Rao P.B. (59)	Vice President	609,567	B.A.	38	01.09.95	Raymond Mills Ltd., Commercial Director
Rao Y.R. (56)	Joint President (M & G-Corporate)	836,296	M.Sc.1st class, Cert. of Comp.	32	26.12.85	Vasavadatta Cement, Mines Manager
Rastogi A.K. (44)	Sr. Manager (Q.C.)	308,238	B.Sc.	23	20.12.94	Orient Cement, Manager (Process & QA)
Sadhu S.K. (51)	General Manager (Electricals)	436,676	B.Sc.(Engg.),P.G.D.M., MIM, MIMA	29	23.03.96	HCL, Dy. Gen. Manager
Sain R.J. (52)	Terminal Manager	418,572	B.A.	31	08.10.85	Satna Cement Works Ltd., Control Room Supervisor
Saptarshi R.N. (57)	Dy. General Manager (Costing)	426,707	B.Sc. (Statistics)	37	01.05.86	Larsen & Toubro Ltd., Accounts Officer (Cost)

GUJARAT AMBUJA CEMENTS LIMITED

Name & Age (Years)	Designation/ Nature of Duties	Remu- neration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Last Employment
Satam S.V. (36)	Chief Engineer	494,906	MOT I Class	17	18.03.97	Great Eastern Shipping Co. Ltd., Chief Engineer
Saxena Y.K. (43)	General Manager (Environment)	396,710	B.Sc.,M.Sc.(Tech.), B.Tech.(Chem.)	21	08.09.90	Chem. Project Design & Engg Pvt. Ltd., Manager (Environment)
Sekhsaria K.R. (48)	Dy. General Manager (Materials)	414,657	B.Sc.(Hons),DMS	27	12.12.85	Indian Tool Manufacturers Ltd., Purchase Manager
Sekhsaria Narotam (48)	Managing Director	15,715,019	B.E.(Chem.)	28	01.04.83	Business
Sekhsaria Pulkit (27)	Whole-time Director	623,657	B.Com.	05	01.07.93	—
Sen Tapan (50)	Dy. General Manager (Commercial)	305,227	B.A.(Hons), M.B.M.	25	22.09.93	Andhra Cement Ltd., Sr. Manager (Sales)
Shaikh Akber (44)	Sr. Manager (Mechanical)	355,325	L.M.E.	24	01.11.85	Kesoram Cements, Engineer
Shanmugam R. (50)	Dy. General Manager (Maintenance)	372,991	B.E.(Mech.)	26	04.09.87	Atlanta Construction, Project Engineer
Sharan S. (34)	Chief Engineer	626,514	MOT I Class	13	04.07.94	Dolphin Offshore, Chief Engineer
Sharma H.C. (59)	Chief Officer	585,334	Master(F.G.)	38	20.11.93	Essar Shipping Ltd., Master
Sharma K. (48)	General Manager (Co-ordination)	506,694	B.A.,D.M.M.	28	30.09.94	ACC Ltd., Resident Executive
Sharma N.L. (54)	Dy. General Manager (Commercial)	411,474	B.A.	35	09.02.87	Ashok Textiles, Manager Stores & Purchase
Sharma R. (39)	Dy. General Manager (Project Planning & -Development)	425,387	B.Tech.(Chem.)	17	01.09.88	Satna Cement Works, Sr. Chemical Engineer
Sharma R.K. (36)	Sr. Manager (Commercial)	318,551	B.Sc.,LLB,IA	13	17.01.86	Wikstom Pharmaceuticals, Medical Representative
Sharma S. (41)	General Manager (Project Planning & -Development)	460,381	B.E.(Mechanical)	19	18.04.83	Lakshmi Cement, Mechanical Engineer
Shetty C.N.J. (56)	Vice President (Project Planning & -Development)	643,945	B.E.(Mech)	32	21.08.89	Mysore Cement Ltd., Dy. General Manager (Project)
Shrivastava K.S. (45)	Dy. General Manager (Elec.)	366,084	B.E.(Electrical)	21	03.01.85	U.P. State Cement Co. Ltd., Electrical Engineer
Shrivastava R.K. (45)	Sr. General Manager (Inst.)	511,774	B.E.(Electro & Telecon), M.Tech.	21	07.10.85	Orient Cement, Sr. Instrumentation Engineer
Sikka A.C. (58)	Dy. General Manager (Maint.)	416,486	Dip. in Auto Engg.	40	10.07.95	BEML, DGM (Services)
Singhal A.K. (40)	Dy. General Manager (Materials)	415,184	B.E.(Mech)	19	16.05.83	Straw Products Ltd., Mechanical Engineer
Singhania J.K. (52)	Dy. General Manager (Co-ordination)	416,375	B.Com.,LLB	15	01.01.86	Jaluram Kundanmull, Commercial Manager
Singhvi A.C. (39)	Treasurer	1,055,852	B.Com.,F.C.A.	16	21.01.86	Century Enka Ltd., Manager Accounts
Solomon R. (52)	Sr. Manager (Mech.)	353,346	Matric,Tech. Course from ACC	30	01.01.85	Texla Company Ltd., Mechanical Engineer
Sulakhe G.B. (51)	Manager (Drg. & Desg.)	303,999	L.M.E.	31	05.10.87	Someshwara Cement Ltd., Sr. Mech. Engineer
Tandon K.N.Capt. (56)	Master	765,411	Master(F.G.)	38	09.02.94	Essar Shipping Ltd., Master
Tank V.V. (41)	Dy. General Manager (Project Planning & - Development)	420,688	B.E.(Mech.),PGDBA,MIE,CE	18	15.11.88	Saurashtra Cement & Chemical Inds. Ltd., Ind. Sr. Engineer
Taparia B.L. (48)	Company Secretary & Chief Financial Controller	831,692	B.Com.,LLB.,F.C.S.	28	28.11.83	Jain Spinners Ltd., Secretary & Finance Manager
Teggi Vilas (39)	General Manager (Mines)	300,770	B.E. (Mining)	17	20.12.95	Paryam Cement Minsal Inds., Sr. Manager (Mines)
Thakur S.K. (44)	Dy. General Manager (Opr.)	381,335	B.Sc.Engg.(Chem.)	20	26.03.87	Cement Corporation of India, Sr. Chemical Engineer
Tyagi P.K. (48)	Dy. General Manager (Mech.)	339,213	B.Sc.(Engg.),MIE	21	21.12.94	Manikgarh Cement, Manager (Mech.)
Udaiwal S.K. (44)	Sr. Manager (Project Planning & -Development)	303,664	M.Tech.	20	01.05.95	J.K.Cements, Manager
Vaishya A. (41)	Sr. Manager (Projects)	367,491	B.E.(Electrical)	18	10.12.93	Larsen & Toubro Ltd., Project Engineer
Vaishnav L.P. (47)	Advisor (New Projects)	518,210	B.E.(Tech.)	25	01.07.97	Mardia Chemicals Ltd., Vice President (New Projects)
Vijayan P. (57)	Joint President	920,831	B.A.	37	15.06.85	Shree Digvijay Cement Co. Ltd., Sr. Resident Representative
Vishwanathan K. K. (39)	Sr. Manager (Info. Tech.)	305,882	B.Sc.(Phy.),Cert. in Computer Programming	13	03.08.89	Seahorse Systems P. Ltd., System Executive

Name & Age (Years)	Designation/ Nature of Duties	Remu- neration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Last Employment
B) Employed (or the part of the financial year) (Drawing not less than Rs.25,000/- per month)						
* Achari M.B.V. (40)	Second Engineer	350,401	S.G.E.D.	21	03.11.96	Indian Navy, CHME
Acharya A.P. (39)	General Manager (Marketing)	401,395	B.Sc.(Chem),D.B.M., D.O.M.,D.M.M. M.M.M.(II)	16	15.03.93	Larsen & Toubro Ltd., Unit Head
* Adam M.A. (48)	Chief Officer	665,370	First Mate (H.T.)	28	01.12.96	Essar Shipping Ltd., Chief Officer
* Anekattu J.J. (33)	Third Officer	158,878	NWKO	12	09.01.97	Sagrika Sea Crafts, Chief Officer
* Altri S.K. (39)	Third Engineer	397,029	S.G.E.D.	16	30.07.97	Samrat Ship Management, Third Engineer
Bansal J.S.P. (39)	Vice President (Commercial)	573,186	M.Com.,F.C.A.,A.C.S.	16	01.05.93	CIMMCO Ltd., General Manager (Operations)
* Bhatt W.N.S. (32)	Third Engineer	211,048	S.G.E.D.	07	24.01.97	Garuda Carriers, Fitter
* Chinta S. (38)	Second Engineer	560,816	Chief Engineer (Panama)	11	13.06.97	Al Zora Shipping, Chief Engineer
* Crasto Floyd (32)	Chief Officer	30,492	MOT II Class	08	15.06.98	Samson Maritime Ltd., Chief Officer
* Dattani Nilesh (33)	Second Engineer	85,721	Class IV	10	12.01.98	COMOMAR, Second Engineer
* Deo C.B. (49)	Chief engineer	90,067	MOT I Class	25	27.05.98	Larsen & Toubro Ltd., Chief Engineer
Dewan Sudhir (54)	Advisor	304,971	Graduate	35	01.12.97	Luftansa German Airlines, Manager Key Accounts - South Asia
Ghosh S.N. Dr. (63)	Director (R & D)	308,230	B.Sc.,M.S.,Ph.D	30	01.03.93	N.C.B.M., Principal Scientist
* Gokhale Vikram (35)	Chief Engineer	74,334	MOT I Class	16	03.06.98	Anglo Eastern, Chief Engineer
* Golandaz F.A. (35)	Second Engineer	26,666	Class IV	10	16.12.96	Century Shipping, Third Engineer
* Gopalkrishnan V.P. (52)	Chief Engineer	34,200	MOT I Class	34	19.06.98	Islamic Republic of Iran, Chief Engineer
* Joseph M.M.A. (46)	Third Engineer	261,649	S.G.E.D.	21	01.01.97	Mercator Lines, Second Engineer
* Kanwar R. (56)	Third Officer	240,845	NWKO	36	10.09.96	Great Eastern Shipping Co.Ltd., Third Officer
Karambelkar V.V. (59)	Sr. Vice President (Electrical & Instrumentation- Corporate)	504,527	B.E.(Elect.)	36	28.09.85	J.K.Synthetics Ltd., Manager - Operation Services
* Khanchey Asif A. (27)	Chief Officer	47,950	Chief Mate (Panama)	05	31.05.98	Ocean Marine, Chief Officer
* Khanna Rajeev (45)	Chief Officer	368,390	I Mate Home Trade	23	14.07.97	Shipping Corporation of India, Chief officer
* Madre A.G.I. (49)	Second Officer	684,053	Mate(H.T.)	29	03.09.96	Wadenee Shipping, Chief Officer
* Malhan M.S. (43)	Chief Officer	131,309	MOT I Class	25	06.05.98	Five Star (GESCO), Chief Engineer
Mathur M.C. (47)	Manager (Maintenance)	62,585	B.E.(Mechanical)	23	31.01.95	J.K.cements Works, Manager (moint.)
* Miranda D.F. (49)	Chief Engineer	377,944	MOT Ist Class	28	01.08.96	British Columbia Ferry Corporation, Chief Engineer
* Mishra A.K. (37)	Chief Officer	593,956	Mate(H.T.)	16	22.12.96	Chowgule Steamship Co. Ltd., Chief Officer
* Mishra B.S. (44)	Third Engineer	409,909	S.G.E.D.	22	04.08.96	Hede Ferroininas Pvt. Ltd., Second Engineer
* Moreira M.B. (31)	Second Engineer	272,567	NWKO	02	20.08.97	India Cements Ltd., Third Officer
* Mulla M.I. (59)	Second Engineer	272,567	First Assistant (Vanuatu)	30	12.04.97	Essar Coastal, Second Engineer
Naik P.J. (38)	Asst. General Manager (Accounts)	178,661	B.Com. (Hons.), LLB (Gen), A.I.C.W.A., A.C.S.	16	26.12.98	Sekhsaria Chemicals Ltd., Co. Secretary cum Fin. Controller
Neotia Harshavardhan (37)	Whole-time Director	553,873	B.Com. (Hons.), OPM, Harvard, U.S.A.	11	23.02.93	Ganpati Builder Services Pvt. Ltd., Managing Director
* Palwankar P.N. (40)	Third Officer	143,679	NWKO	19	19.10.96	Amar Ship Management, Second Officer
Paranjape A. (36)	Manager (Elec.)	266,112	B.E.(Elec.)	15	19.12.93	Ceat Ltd., Area Manager
* Patel C.N. (43)	Third Officer	412,875	NWKO	20	24.11.96	Century Shipping, Second Officer

GUJARAT AMBUJA CEMENTS LIMITED

Name & Age (Years)	Designation/ Nature of Duties	Remu- neration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Last Employment
* Patel R.M. (37)	Third Officer	8,375	NWKO	17	25.06.98	Deejay Marine, Third Officer
* Pilpile A.S.I. (51)	Third Engineer	189,309	Chief Engineer (Panama)	26	20.03.97	Gulf Bunkering Co., Fourth Engineer
* Prakash O. (36)	Third Engineer	271,888	S.G.E.D.	17	04.10.96	Islamic Republic of Iran Shipping, Junior Engineer
Ramakrishna M.C. (60)	Chief Executive - Colombo Project	686,864	B.E.(Electrical)	33	01.05.97	Littlewoods International Pte. Ltd., Regional Director
Rao Prasada S.V. (47)	Terminal Manager	314,119	M.Com.	25	09.10.92	J.K.Paper Mill, Dy. Manager (transport)
* Rawat S.S. (42)	Third Officer	322,364	First Deck Officer (Panama)	22	21.08.97	Bahamas, Third Officer
* Redkar P.D. (36)	Second Engineer	73,586	MOT II Class	14	20.04.97	Mitsui OSK, Third Engineer
* Sahoo Narayan (30)	Third Officer	287,712	NWKO	08	05.09.97	Sirius Shipping, Radio Officer
Sethuraman P.R. Dr. (51)	Manager (RTC)	267,035	M.Sc.,Ph.D.	26	07.09.94	N.C.C.B.M., Manager (HRD)
* Sharma Om P. (46)	Second Engineer	55,917	S.G.E.D.	21	08.02.96	Jay Shree Shipping, Fifth Engineer
* Singh Anar (38)	Third Engineer	13,054	S.G.E.D.	23	30.06.97	Century Shipping, Machinist
* Singh Charanjeet (49)	Chief Officer	307,578	Master (F.G.)	28	01.01.98	SKS Supercrafts Ltd., Chief Officer
* Singh K. (52)	Chief Engineer	753,295	MOT I Class	35	26.05.97	Varun Shipping, Chief Engineer
* Singh R.A. (46)	Second Engineer	115,651	Second Engineer (Panama)	16	28.03.98	SOCIB, Third Engineer
* Sinha A.N. (43)	Second Engineer	277,047	S.G.E.D.	23	06.06.97	M.M.S., Third Engineer
Sivaprasadan K. P. (40)	Asst. Manager	102,795	S.S.L.C.	14	23.10.88	Gannon Duncon Co., Typist
Sridhar R. (39)	General Manager (Accounts)	352,557	B.Com., A.C.A.	15	11.06.90	Indian Oxygen Ltd., Accountant
* Sumanta Paul (26)	Third Officer	117,467	MOT II Class	05	02.04.98	Bergesen D.V., Third Officer
* Suri M.L. (50)	Chief Officer	22,150	Master II Class	29	06.06.98	GMMOS CHAMP, Chief Officer
* Tanwar D. (23)	Second Officer	14,301	Second Mate(F.G.)	03	13.10.96	Five Star Shipping Ltd., Second Officer
Toshniwal J.C. (44)	Vice President (Cement Project)	272,886	B.E.(Hons.) (Mech.)	23	24.12.97	ABG Cements Ltd., Executive Vice President
Upadhyay A.D. (56)	Manager (Geology)	248,650	M.Sc.(Geology), ROP	31	01.03.89	Orient Goa Pvt.Ltd., Geologist
* Vandrine A. (60)	Chief Engineer	936,989	MOT I Class	34	07.12.94	Constellation Shipping, Chief Engineer
* Varijakshan K. (38)	Third Engineer	347,687	S.G.E.D.	14	18.07.97	Essar Shipping Ltd., Fifth Engineer
* Vasistha C.M. (42)	Second Engineer	532,586	S.G.E.D.	24	21.08.96	Century Shipping, Third Engineer
* Yadav S.S. (24)	Third Officer	94,048	Second Officer (Panama)	03	28.03.98	Senyar Maritime,Dubai, Third Officer
* Yadava G.S. (47)	Chief Officer	97,473	Master (F.G.)	27	08.05.98	Orient Ship Management, Master

- 1) Remuneration includes Salary, Commission, Allowances, Concessions and taxable value of perquisites, etc. but excludes contribution to Gratuity under "Group Gratuity (Cash accumulated) Scheme" with LIC towards future payments of Gratuity, except that of Managing Director and Whole Time Directors.
- 2) All appointments except that of Shri Narotam Sekhsaria, Managing Director, Shri Harshavardhan Neotia , Whole-time Director, Shri Pulkit Sekhsaria, Whole-time Director and those marked * are non-contractual and terminable by notice on either side.
- 3) None of the employee is related to any Director of the Company except Shri Narotam Sekhsaria and Shri Pulkit Sekhsaria who are related to each other and Shri Harshavardhan Neotia who is related to Shri V.K.Neotia.

GUJARAT AMBUJA CEMENTS LIMITED

Regd. Office : Ambujanagar P. O., Taluka Kodinar, Dist. Junagadh, Gujarat 362 715

SIXTEENTH ANNUAL GENERAL MEETING ATTENDANCE SLIP

Folio No.

No. of Shares
(To be filled in by the Member)

I hereby record my presence at the SIXTEENTH ANNUAL GENERAL MEETING of the Company being held at the Registered Office of the Company on Monday, the 5th October, 1998 at 11.00 A. M.

.....
Member's Signature

Notes :

1. A Member/Proxy attending the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Member intending to appoint a Proxy, should complete the Proxy Form given below and deposit it at the Company's Registered Office not later than 48 hours before the commencement of the Meeting.

.....
Proxy's Signature

----- TEAR HERE -----

GUJARAT AMBUJA CEMENTS LIMITED

Regd. Office : Ambujanagar P. O., Taluka Kodinar, Dist. Junagadh, Gujarat 362 715

SIXTEENTH ANNUAL GENERAL MEETING PROXY FORM

Folio No.

No. of Shares
(To be filled in by the Member)

I/We being a Member/Members of
GUJARAT AMBUJA CEMENTS LIMITED, hereby appoint of
in the district of or failing him
of in the district of as my/our Proxy to vote
for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on Monday, the
5th October, 1998 at 11.00 A.M. and at any adjournment thereof.

Signed this day of 1998

Affix 30 P.
Revenue
Stamp

Signature

N. B.: The proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.



I can



GUJARAT AMBUJA CEMENTS LTD.



Give a man orders,

and he'll do the task reasonably well. But let him set his own targets, give him freedom and authority, and his task becomes a personal mission: 'I can'.

Report  Junction.com



“How do you set up a
diesel power
plant in less than 14 months?
You’ve got to be dreaming.”

EVERY PROFESSION DEVELOPS ITS OWN MYTHS. 'You can't set up a diesel power plant in less than 14 months', is one.

Why? Because that's the way it's always been.

Look at the logistics involved: waiting for the consignments to arrive from abroad, then installing them one by one, not to speak of putting up the infrastructure to house them.

Less than 14 months? Impossible. That was till a team of our engineers at the plant in Ambujanagar took up the challenge.

Power in Gujarat is expensive and tariffs are expected to go up further. The faster we set up our own captive plant, the more the company would save. Says S. Sundaram who was part of the team: "We began by questioning the time. Why not 5 months or 3 months?"

One team of engineers placed the orders for the 40 MW diesel gensets – in a modular manner. So they didn't have to wait for the entire consignment to arrive to install it. As each module arrived – the piping module or the oil filtration unit – the engineers set it up instantly.

Meanwhile, another group had analysed the project in such detail, they were able to keep the infrastructure ready for each module. We saved over four months with this. (If there hadn't been some unforeseen delay on the supplier's side, we would have saved another 40 days.)

The shipment time itself was cut down by a further 30 days.

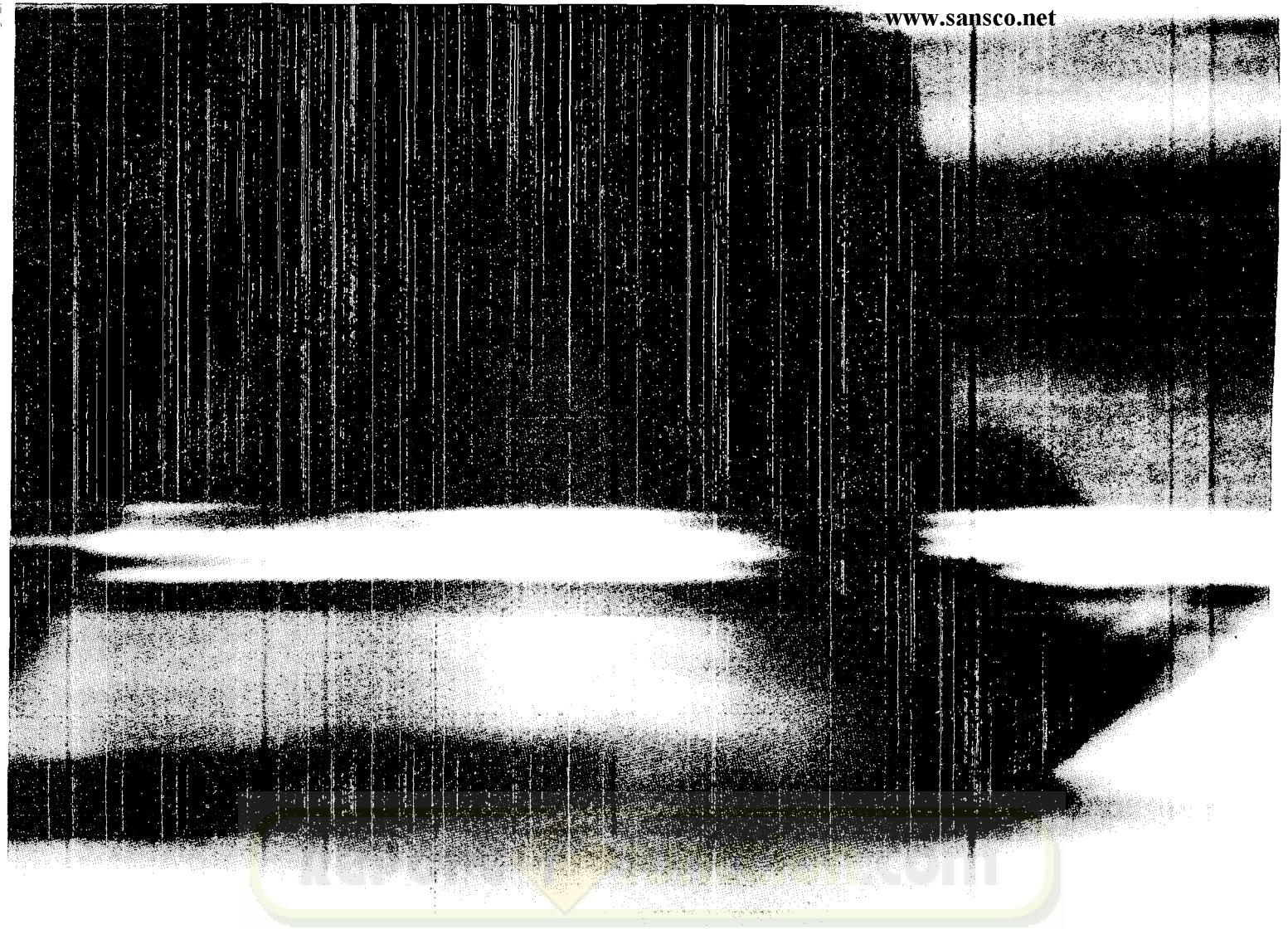
Instead of unloading the machinery at the Mumbai port which is highly congested, our team identified a smaller port at Pipavav, 100 kilometres away from the plant.

A group of engineers visited the port only to find that it lacked handling equipment for cargo of our size. So they went ahead and acquired their own equipment. The cost was worth the time saved.

The result: In just eight months the power plant was up and running. Thanks to the time saved in installing the power plant, the company saved Rs.15.70 crores in electricity charges.

Which just goes to show: 'If you can dream it, you can achieve it'.





“Sometimes
it’s important to slow down,
lend a sympathetic ear, share
a cup of tea and capture
50% of the market.”

SINCE WE LAUNCHED IN MUMBAI FOUR YEARS AGO, we had a market share of 30% of the retail business. But we realised, if we had to grow any further in this competitive market, we needed to do something.

“Something that would push us into becoming a dominant force. We were grappling with ideas,” says D. More, Mumbai Sales Manager.

As the marketing team discussed this, the ideas grew:

“It’s important to share the excitement, the pace, the warmth and trust within the company with our dealers. We have to communicate our values to these people.”

“These people are outsiders, we deal with them on a commercial basis. That, itself, is fundamentally wrong. They should be family.”

“I remember someone saying, let’s call on every single dealer – whether he sells two bags or twenty thousand. Let’s get to know them by *name*,” says More.

The sales team divided the city into 22 lots, and went door-to-door establishing contact. They visited chawls in remote by-lanes and met dealers that cement companies had never known existed.

In all two thousand dealers were contacted.

Many who were neglected for years were emotional. They saw genuine warmth, and responded.

In just four weeks of the initiative, the city of Mumbai saw its first Ambuja Parivar Mahotsav. An evening of warm hospitality and welcoming.

It was a night when bonds were made. Since then, the relationship has only been strengthened further. Each dealer, no matter how small, is encouraged to walk in and talk to the company.

“Because we get genuine feedback, we respond faster,” says More.

More than anything else, we don’t sell Ambuja Cement anymore. Our dealers do it for us.

As a result, we’ve achieved something remarkable: A 50% share of Mumbai’s retail market. Today we’re the number one brand in India’s largest and most competitive market where national brands operate.



REPORT



REPORTS www.reportsjunction.com



“Our oldest
kiln has increased productivity
by 14%. Not surprisingly, our
engineers are a worried lot.”

WHAT DO YOU DO WHEN A 10 YEAR OLD KILN raises its productivity from 1800 tonnes per day in 1987 to an unheard of 2800 tonnes per day? You raise it even further.

But this is easier said than done.

The trouble with track records like this is that they are exceedingly hard to maintain, let alone surpass.

On the 24th of October 1997, a group of engineers met at our plant in Ambujanagar. And set themselves the challenge of increasing the kiln's capacity utilisation.

But when they studied the historical data on the kiln, their hearts sank.

Any major improvement they could possibly think of, had already been done.

Says T. Haridas, a team member, "We'd meet in the dormitory every night after dinner. It was in one of these gatherings that the conversation turned to 'intensive care' in hospitals."

This set off an entirely different chain of thought. What if an 'intensive care' unit could be set up for the kiln? With 24-hour supervision, providing constant and continuous adjustments to the kiln as and when needed?

Maybe productivity could inch up further.

Our engineers attempted this for a week. The results were promising.

They discovered, for instance, that if the flame was monitored continuously and at appropriate times, pumped with more oxygen, the kiln would burn more efficiently.

Over time, the engineers discovered at least eight other things that needed continuous fine-tuning.

The result has been a 14% greater efficiency of our kiln over the last year.

Which has given our engineers fresh cause for worry.

Whatever will they do with that old kiln next year?





“You see that lush green
orchard below our limestone
mine? We haven’t contributed
anything to it.”

THE HILLS OF KASHLOG IN HIMACHAL are dotted with terraced farms and orchards. When Ambuja engineers decided to set up a limestone mine here, they faced a formidable challenge: How to preserve the natural beauty of the area, and the farms that provide a livelihood to the local villagers?

The Kashlog mines are situated high up on the hills.

There was real danger that blasting and mining could cause extensive damage to the environment, if debris were to roll down.

Says Environment Engineer B. K. Mishra: "There was apprehension in the eyes of the villagers. It was like we'd come in and disturbed a peaceful existence."

Somehow this thought began to preoccupy the minds of our people. What if we could develop our mining operations in such a way, the villagers would not even be aware of the activity? Perhaps they could go back to their innocent world of existence.

The engineers assembled a committed core team. Together, they chalked out a carefully orchestrated series of steps.

Instead of large explosions, our engineers developed a technique using a series of tiny explosions.

To prevent any dust or debris from flying out, they set up a wire mesh across the mine.

To excavate the weakened rock, they identified a powerful land stripper from Germany. This machine strips the limestone in fine layers without resorting to drilling or additional blasting.

And to be extra safe, the engineers built a series of dams and terraces around the mine area so that nothing could roll down the hill, even accidentally.

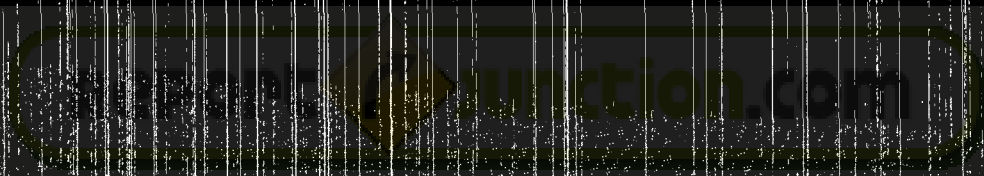
A complicated set of pollution control sensors were set up around the mine. And a 24-hour monitoring system to go with it.

The result? The neighbouring farms continue to produce lush fruits and vegetables. And for once, our people are proud that their efforts have produced nothing.









ANNUAL REPORT 1997-98**BOARD OF DIRECTORS**Suresh Neotia, *Chairman*

Vinod Neotia

M. T. Patel

N. N. Pai

M. L. Bhakta

Nimesh Kampani

Harshavardhan Neotia

O. V. Bundellu (*Nominee - IDBI*)Bodhishwar Rai (*Nominee - IFCI*)N. S. Sekhsaria, *Managing Director*Pulkit Sekhsaria, *Whole-time Director***CORPORATE OFFICE**

122, Maker Chambers III
Nariman Point,
Mumbai - 400 021

**COMPANY SECRETARY &
CHIEF FINANCIAL CONTROLLER**

B. L. Taparia

REGISTERED OFFICE

Ambujanagar P. O.
Taluka Kodinar, Dist. Junagadh
Gujarat - 362 715

WORKS

- (i) Ambujanagar P. O.
Taluka Kodinar, Dist. Junagadh
Gujarat - 362 715
- (ii) Village Suli, P. O. Darlaghat
Dist. Solan
Himachal Pradesh - 171 102
- (iii) Village Daburji
Dist. Roopnagar,
Punjab - 140 001

BANKERS

Bank of India
Dena Bank
Bank of Baroda
Punjab National Bank
ANZ Grindlays Bank plc
The Hongkong and Shanghai
Banking Corporation Limited
Credit Lyonnais

AUDITORS

Dalal & Shah
Chaturvedi & Company

SOLICITORS & ADVOCATES

Kanga & Co.

GUJARAT AMBUJA CEMENTS LIMITED

NOTICE

NOTICE is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Monday, the 5th October, 1998 at 11.00 A.M. at the Registered Office of the Company at Ambujanagar (P.O.), Taluka Kodinar, District Junagadh, Gujarat - 362 715, to transact the following business :-

1. To consider and adopt the Profit & Loss Account for the Corporate Financial Year ended 30th June, 1998 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Preference Shares and Equity Shares.
3. To appoint a Director in place of Shri V.K. Neotia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri M.L. Bhakta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Nimesh Kampani, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. Dalal and Shah and M/s. Chaturvedi & Company, both retiring Auditors, as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their respective remuneration.

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended and subject to such permissions, consents and approvals from various authorities as may be required and subject to such conditions, if any, that may be imposed by any authority while granting their permissions, consents and approvals and which the Board of Directors is hereby authorised to accept, the Company hereby accords its consent and approval to the re-appointment of Shri Narotam Sekhsaria as Managing Director of the Company for a period of 5 (five) years effective from 1st April, 1998 on the terms and conditions set out below and incorporated in the Agreement dated 24th April, 1998 entered by the

Company with the Managing Director :-

I. Remuneration :

a) Salary :

Rs. 1,00,000/- per month in the scale of 1,00,000 - 25,000 - 2,00,000.

b) Commission :

1% of the amount of net profit as appearing in the audited annual Profit & Loss Account for each Corporate Financial Year of the Company, unless otherwise decided by the Board for any Financial Year subject, however, that the total remuneration (i.e. salary, perquisites and commission) in any one Financial Year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may for the time being, be in force.

c) Perquisites :

(i) Housing

- 1) Fully furnished residential accommodation or house rent allowance @60% (sixty per cent) of salary.
- 2) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.
- 3) Company shall provide such furniture and furnishings as may be required by the Managing Director.

(ii) Medical Reimbursement

Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalisation, nursing home and surgical charges for himself and family.

(iii) Leave Travel Concession

Reimbursement of actual travelling expenses for proceeding on leave once in a year in respect of himself and family.

(iv) Club Fees

Reimbursement of membership fee for clubs in India or abroad including admission and life membership fees.

- (v) Personal Accident Insurance
Personal Accident Insurance Policy for an amount, the annual premium of which shall not exceed Rs.10,000/- p.a.
- (vi) Contribution to Provident Fund, Superannuation and Annuity Fund
The Company's contribution to Provident Fund and Superannuation or Annuity Fund as per the rules of the Company applicable to senior executives.
- (vii) Gratuity
As per the rules of the Company applicable to the senior executives.
- (viii) Leave
Leave with full pay or encashment thereof as per the rules of the Company.
- (ix) Other perquisites
Subject to overall ceiling on remuneration mentioned hereinbelow the Managing Director may be given any other allowances, benefits and perquisites as the Board of Directors may from time to time decide.

Explanation :

Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in absence of any such Rule, perquisites shall be evaluated at actual cost.

(d) Amenities :

- (i) Conveyance facilities
The Company shall provide suitable conveyance facilities as may be required by the Managing Director.
- (ii) Telephone, telefax and other communication facilities
The Company shall provide telephone, telefax and other communication facilities at the Managing Director's residence.

II. Overall remuneration :

The aggregate of salary, commission and perquisites in any Financial Year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force.

III. Minimum remuneration :

In the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of service of the Managing Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of the Part II of Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof as may for the time being, be in force."

"RESOLVED FURTHER that the Agreement dated 24th April, 1998 re-appointing the Managing Director and setting out the remuneration and other terms and conditions entered with Shri Narotam Sekhsaria, submitted to this meeting be and is hereby specifically approved, with liberty to the Board to alter and vary the terms and conditions thereof as may be agreed by Shri Narotam Sekhsaria."

"RESOLVED FURTHER that in the event of any further relaxation by the Central Government in the guidelines or ceilings on managerial remuneration, the Board of Directors be and is hereby authorised to increase the remuneration and/or perquisites to Shri Narotam Sekhsaria, Managing Director, if they in their absolute discretion think fit, within such guidelines or ceilings subject to obtaining the approval of Central Government wherever applicable and for which consent of the Company as required under various applicable provisions of the Companies Act, 1956, be and is hereby granted."

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-

"RESOLVED that pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows :-

- A. Article 2 of the Articles of Association shall be altered to include the following definitions at appropriate places:-

- * 'Beneficial Owner' shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;
- * 'Depositories Act, 1996' shall include any statutory modification or re-enactment thereof; and
- * 'Depository' shall mean a Depository as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996 ;

GUJARAT AMBUJA CEMENTS LIMITED

- B. In Article 2 of the Articles of Association, the definition of 'Member' shall be altered as follows:-
'Member' means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of the Company and the beneficial owner as defined above.
- C. Article 18 of the Articles of Association shall be substituted by the following as new Article 18 :-
18. The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members Resident in that State or Country.
- D. Article 20 of the Articles of Association shall be substituted by the following as new Article 20 :-
20. The shares in the capital shall be numbered progressively according to their several denominations and except in the manner hereinbefore mentioned, no share shall be subdivided, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are in dematerialised form.
- E. Article 26 of the Articles of Association shall be substituted by the following as new Article 26 :-
26. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent, future or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.
- No notice of any trust, express, implied or constructive shall be entered in the Register of members or of debentureholders.
- F. Article 28 of the Articles of Association shall be altered to include the words "Provided however, that no share certificate(s) shall be issued in respect of the shares held in Depository" at the end of the existing Article 28.
- G. A new Article 32A shall be inserted in the Articles of Association after existing Article 32, as under:-
32A. The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/or to issue its fresh shares, debentures and other securities, in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.
- H. Article 57 of the Articles of Association shall be substituted by the following as new Article 57 :-
57. The Company shall keep a book to be called "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in material form.
- I. A new Article 74A shall be inserted in the Articles of Association after the existing Article 74, as under:-
74A. In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply."
9. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution :-
"RESOLVED that pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof as may for the time being be in force and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and subject to the consent of all concerned authorities, if and to the extent necessary and such other approvals, permissions and

sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as 'the Board') at its absolute discretion, the consent of the Company be and is hereby accorded to the Board to create, offer and issue, to or for the benefit of its employees, officers and working Directors including the employees of its subsidiary/associate companies, as may be permitted under law, in terms of a scheme of option to be hereafter framed by the Board, such number of equity shares of the Company of the face value of Rupees 10/- (ten) each, not exceeding in number at any time, in the aggregate, 5% of the post issue equity capital of the Company, as the Board may deem fit, for subscription for cash, in one or more tranches, on terms as may be fixed and determined by the Board prior to the issue and offer thereof in consultation with such authorities as may be prescribed or in accordance with such guidelines or other provisions of law as may be prevailing at that time and otherwise ranking *pari-passu* with the equity capital then issued and in existence and on such other terms and conditions and at such time or times as the Board may at its absolute discretion and in the best interest of the Company may deem fit; Provided That the issue price of such shares shall be determined by the Board in accordance with the prevailing laws and regulations and specified in the offer at that time; Provided Further That the aforesaid issue of equity shares may instead be in the form of fully or partly convertible debentures, equity linked warrants or other securities as may be permitted in law for the time being and which are generally regarded as an employee stock option instrument(s)."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds and further to do all such acts, deeds, matters or things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

10. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution :-

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s), or re-enactment thereof for the time being in force, and as may be re-enacted from time to time) and subject to such other approvals/permissions and sanctions, as may be necessary, and subject to such conditions, and modifications, as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company and/or a duly authorised committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as the 'Board') the consent of the Company be and is hereby accorded to the Board to buy back, from the existing holders of the shares and/or other securities giving right to subscribe for the shares of the Company on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots) and/or by purchasing the securities issued to the employees pursuant to a scheme of stock option, the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government, or any other regulatory authorities from time to time (herein for brevity's sake referred to as 'the securities') of the Company, from out of its free reserves or out of the securities premium accounts of the Company or out of the proceeds of any issue made by the Company specifically for the purpose or out of such other mode as may be permitted under law on such terms, conditions, and in such manner, not exceeding such ceiling as may be prescribed/stipulated by law or other competent authority from time to time."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds and further to do all such acts, deeds, matters or things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

GUJARAT AMBUJA CEMENTS LIMITED

11. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution :-

"RESOLVED that pursuant to the provisions of Section 17 and all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered by substituting the following as new Sub-Clause No.79 in place and stead of the existing Sub-Clause No.79 in Clause III(C) :-

79. To carry on the business of construction of roads, bridges, tunnels, dams, canals, jetties, ports, setting up of other infrastructural facilities on BOT (Build, Own and Transfer), BOLT (Build, Own, Lease and Transfer), BOOT (Build, Own, Operate and Transfer) basis or otherwise and/or developing, maintaining, operating them and/or running them on lease, rentals, toll, and to engage in repairing and/or maintenance thereof."

12. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-

"RESOLVED that pursuant to the provisions of Section 149(2-A) and all other applicable provisions, if any, of the Companies Act, 1956 approval of the Company be and is hereby accorded to the Board of Directors for commencing the business of all or any of the activities covered by the new Sub-Clause No. 79 (upon the same becoming effective in law) of the Clause III(C) of the Memorandum of Association of the Company, as and when deemed most appropriate by the Board of Directors."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the

3rd September, 1998 to Saturday, the 19th September, 1998 (both days inclusive).

3. a) Dividend when declared will be paid to those shareholders whose names shall appear on the Register of Members as on Saturday, the 19th September, 1998.
b) The shares allotted by the Company during the year 1997-98 will be entitled for dividend on pro rata basis.
4. Members are informed that an amount of Rs.14,72,416/- being dividend remaining unclaimed relating to the Corporate Financial Year ended 30th June 1994, has been transferred to General Revenue Account of the Central Government in terms of Section 205A(5) of the Companies Act, 1956, after sending adequate reminders to such members. Members whose dividend has remained unclaimed are now advised to lodge their claims with the Registrar of Companies, Gujarat, C.G.O. Complex, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, Ahmedabad -380013.
5. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's Share Transfer Agents enclosing their share certificates to enable them to consolidate their holdings in one folio.
6. Members are requested to send all communications relating to shares, debentures and bonds to the Share Transfer Agents at the following address :
SHAREPRO SERVICES
Satam Estate, 3rd Floor, (Above Bank of Baroda),
Cardinal Gracious Road, Chakala, Andheri (East),
Mumbai-400 099.
Tel. No. : (022) 834 8218 / 834 7719

By Order of the Board of Directors

B. L. Taparia

Company Secretary &
Chief Financial Controller

Place : Mumbai
Date : 20th August, 1998

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

The following Explanatory Statement sets out all material facts relating to the Special Business under Item Nos. 7 to 12 of the accompanying Notice dated 20th August, 1998.

In respect of Item No. 7

The Board of Directors at its meeting held on 19th February, 1998 had re-appointed Shri Narotam Sekhsaria as Managing Director of the Company for a further period of five years w.e.f. 1st April, 1998 at the remuneration and perquisites as stated in the resolution except the salary which was approved at Rs. 1,00,000/- p.m. An agreement recording the terms of re-appointment has been executed with the Managing Director on 24th April, 1998. The re-appointment was made subject to the necessary approval of the shareholders at the General Meeting of the Company and by Financial Institutions. The Board subsequently approved that the salary be fixed with a provision for annual increment and accordingly it was decided to fix the scale of salary at Rs. 1,00,000 - 25,000 - 2,00,000. The said remuneration and the perquisites are in consonance with the provisions of Schedule XIII of the Companies Act, 1956, as in force on the date of re-appointment and as on date. Approval from the Financial Institutions has since been received. A Supplemental Agreement will be executed with Shri Narotam Sekhsaria as per the draft which will be placed at the meeting.

The Company under the leadership of Shri Narotam Sekhsaria as Managing Director has progressed tremendously year after year. Company has over the years achieved excellence in many operational parameters which are comparable with the highest international standards of efficiencies. Company has been awarded many prestigious awards as have been informed to the shareholders through the Directors' Report from time to time. Considering the efforts, dynamism, dedication and leadership provided by Shri Narotam Sekhsaria, Board is pleased to recommend the proposed resolution for re-appointment and payment of the remuneration to the Managing Director for the approval of the shareholders.

Copies of the Agreement dated 24th April, 1998 executed with Shri Narotam Sekhsaria, the approval letter from the Financial Institutions and the draft of the above mentioned Supplemental Agreement are available for inspection by the members during the business hours on any working day, at the registered office of the Company, upto the date of the meeting.

The terms contained in the resolution may be treated as an abstract of the Agreement as required under Section 302 of the Companies Act, 1956.

Except Shri Narotam Sekhsaria and Shri Pulkit Sekhsaria,

who is the son of Shri Narotam Sekhsaria, none of the other Directors is, in any way, concerned or interested in the said resolution.

In respect of Item No. 8

Consequent to the passing of the Depositories Act, 1996 and the introduction of the Depository system, some of the provisions of the Articles of Association relating to the issue, transfer/ transmission, dealing in shares, etc. are proposed to be amended to conform to the requirements of the Depositories Act, 1996.

A copy of the Articles of Association of the Company is available for inspection by the members during business hours on any working day, at the registered office of the Company, upto the date of the meeting.

The Board recommends passing of the resolution at Item No. 8 of the Notice.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

In respect of Item No. 9

The business environment in India is becoming increasingly competitive in the context of the economic liberalisation programme. It is, therefore, necessary that the Company adopts requisite measures for attracting and retaining qualified talented and competent personnel for the business operations of the Company. Employee Stock Option Schemes, designed to foster a sense of ownership and belonging amongst personnel, are a well accepted approach to employee motivation. It is, therefore, appropriate to consider introducing a Stock Option Scheme for the employees, officers and working Directors of the Company including the employees of its subsidiary/ associate companies as may be permitted under law. The shares may be allotted to employees, officers and working Directors in accordance with a scheme to be hereafter framed in that behalf, as per the provisions of law. None of the employees would be allotted shares as would increase his holding to 5% or more of the post issued capital. The proposed resolution is an enabling resolution intended to achieve these objectives.

As such further shares shall be offered to the persons other than existing shareholders of the Company, consent of the shareholders is being sought pursuant to the provisions of the Section 81 and all other applicable provisions of the Companies Act, 1956.

GUJARAT AMBUJA CEMENTS LIMITED

The Board recommends passing of the resolution at Item No. 9 of the Notice.

All the working Directors who would be eligible to avail the benefit of such scheme, may be deemed to be concerned or interested in the said resolution to the extent of securities allotted to them, if any. Save as aforesaid, none of the Directors of the Company is, in any way, concerned or interested in the said resolution.

In respect of Item No. 10

Buy back of own shares or other securities convertible into equity shares by the companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, however, seeks to lay down the operative provisions to regulate the buy back of shares/securities by companies. Hence, it is expected that, in due course of time, the law would be amended to allow such buy back.

It is proposed to buy back the shares or other securities giving right to subscribe for shares of the Company, from the existing security holders and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots) and/or by purchasing the securities issued to the employees of the Company pursuant to the scheme of stock option, subject to necessary enactment in this regard not exceeding such ceiling as may be stipulated in law or by other competent authority.

The amount required for the buy back of shares or other securities as aforesaid shall be met out of the free reserves and/or the securities premium account and/or out of the proceeds of an issue specifically made for the purpose and/or out of such other mode as may be permitted under law.

The Board is of the opinion that it will be in the best interest of the Company if the shareholders approve the said resolution, should the provisions be enacted, permitting such buy back, so that the Company will be able to implement this resolution.

The approval of the shareholders for such buy back of shares was obtained at the Thirteenth Annual General Meeting of the Company held on 25th September, 1995. The above approval could not be given effect to since no law in this regard has been promulgated. The resolution as set out in this Notice is being proposed again in supersession of the above referred resolution, in view of the introduction of the relative provisions in the Companies Bill, 1997. The resolution is an enabling provision aimed at facilitating the Company to buy back its shares/securities after it is legally permissible.

The Board recommends passing of the resolution at Item No. 10 of the Notice.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

In respect of Item Nos.11 and 12

Existing Sub-Clause No. 79 of the Clause III(C) of the Memorandum of Association of the Company permits the carrying on the business of construction, running, repairs and maintenance of various infrastructural facilities. However, it does not include the term "port" therein.

To enable the Company to construct the port/s, whenever required, it is proposed to amend this Sub-Clause No. 79 of Clause III(C) by substituting the existing Sub-Clause No. 79, by inserting therein the term "port" as set out in the resolution at Item No.11.

As per the provisions of Section 17 of the Companies Act, 1956, the Object Clause of the Memorandum of Association can be altered only by a Special Resolution passed by the shareholders in General Meeting. Hence, the proposed resolution under item No.11.

Further, as a matter of expediency, approval of the shareholders is sought as required under Section 149(2-A) of the Companies Act, 1956 to enable the Directors at such time or times as they may consider appropriate to commence and undertake all or any of the business specified in proposed amended Sub-Clause no.79 (upon the said Sub-Clause becoming effective in law) of the Clause No.III(C) of the Memorandum of Association of the Company.

The Board of Directors, accordingly, recommends the resolutions at Item Nos.11 and 12 for your approval.

A copy of the Memorandum of Association is available for inspection by the members during business hours on any working day at the registered office of the Company, upto the date of the meeting.

None of the Directors is, in any way, concerned or interested in the said resolutions.

By Order of the Board of Directors

B. L. Taparia
Company Secretary &
Chief Financial Controller

Place : Mumbai
Date : 20th August, 1998

DIRECTORS' REPORT

To the members,

The last few years have been difficult for the cement industry, but 1997-98 was the worst this decade has seen.

There was a surplus of cement supply which resulted in significantly lower prices throughout the year.

With a total new capacity of 22 million tonnes created in the last 3 years, cement capacity of large plants rose to over 100 million tonnes. Domestic demand on the other hand was only 74 million tonnes.

While demand for cement has been growing at a healthy 8.5% each year for the last 3 years, it has not been able to absorb the rapid growth in capacity.

As a result of which, the industry is saddled with surplus capacity.

At the same time, major input costs for the cement industry have continued their unrelenting upward climb. Power costs have gone up by 20.9%, freight by 12% and coal by 2.2%.

To tackle this very difficult situation, our people evolved a simple strategy:

"Sharply reduce costs and increase market share."

Production was pushed up in all our plants, making our fixed costs of production lower. Variable costs were brought down across the board. The result : while the industry as a whole was faced with increased costs, our people were not only able to contain them but in certain plants, actually bring them down.

At the same time, we sharply increased volumes in all our home markets. In spite of the surplus of cement supply, 'Ambuja Cement' not only retained its position as the largest selling brand in all its home markets but actually increased its market share substantially. Our production and sales of cement this year crossed the 5 million tonne mark.

Our Muldwarka terminal handled 18.56 lakh tonnes of cargo, an increase of 43% over previous year.

Our engineers added 52 MW of captive power generation capacity this year.

At Ambuja, we appreciate the effort and contribution of our people, the results they have achieved in these adverse conditions, deserve to be commended. We are proud of them.

FINANCIAL RESULTS

The highlights of the financial results for the corporate Financial Year ended 30th June, 1998 are :-

	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
Sales	113095.93	92137.31
Operating profit before interest and depreciation	35279.52	28546.81
Less : Interest	10776.22	6881.06
Gross Profit	24503.30	21665.75
Less : Depreciation	10850.02	8116.39
Profit before Taxation	13653.28	13549.36
Provision for Tax :		
Income Tax (MAT)	475.00	300.00
Wealth Tax	12.00	11.00
Net Profit after Taxation	13166.28	13238.36
Add :		
Adjustments for previous year	(147.76)	(27.44)
Balance brought forward from previous year	1709.32	2862.60
Profit available for appropriation	14727.84	16073.52

GUJARAT AMBUJA CEMENTS LIMITED

	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
Appropriations :		
Capital Redemption Reserve	—	3000.00
Debenture Redemption Reserve	2805.00	3610.00
Contingency Reserve	1000.00	1000.00
General Reserve	3000.00	2500.00
Final Dividend on Preference Shares	—	101.65
Interim Dividend on Preference Shares	434.52	280.85
Interim Dividend on Equity Shares	1839.26	1838.79
Proposed Dividend :		
Preference Shares (Final)	260.27	—
Equity Shares (Final)	2574.97	1838.86
Tax on Dividends	510.91	194.05
Balance carried forward	2302.91	1709.32
	14727.84	16073.52

DIVIDEND**Equity Shares**

We are pleased to recommend a final dividend of Rs. 3.50 per share. Considering the interim dividend of Rs. 2.50 per share paid during the year, the total dividend for the year amounts to Rs. 6 per share against Rs. 5 in the previous year. The Company will also pay tax of Rs. 4.41 crores on the dividend paid. The shares allotted during the year will be entitled for pro-rata dividend.

Preference Shares

The Company had privately placed Redeemable Preference Shares of Rs.100 crores during the year. Board recommends a dividend @ 10% pro rata for the financial year 1997-98 payable after adjusting interim dividend paid thereon.

REVIEW OF PERFORMANCE**Cement Plants**

All the plants continued to run efficiently at 100% capacity utilisation. The total production during the year was :-

	Clinker (Qty. in lakh tonnes)	Cement
Ambuja Cement	9.19	9.58
Gajambuja Cement	20.85	22.06
Himachal Unit	15.44	18.85
Total	45.48	50.49
Previous Year	38.02	41.03

Sales during the year were 5.06 million tonnes, as against 4.09 million tonnes in the previous year.

Domestic Markets**The Power of the Brand**

In our principal market of Gujarat, sales went up by 56%, taking our market share to 26% from the previous year's 21%. In Mumbai, we have increased our sales by 48%, making us the number one brand in the country's largest cement market. And in our northern markets of Punjab and Himachal Pradesh, we have increased our market share to 30%.

Ambuja Cement continues to remain the brand of first choice in all its major markets.

The Largest Exporters of Cement In India

In the last 12 months, Asia has been in the midst of an unforeseen economic crisis. In spite of this, we have been able to further step up our cement exports this year from 4.77 lakh tonnes to 5.40 lakh tonnes. In view of the depressed prices, we took a conscious decision to refrain from any clinker exports (previous year 0.56 lakh tonnes). The total value of our exports is Rs.83.95 crores as compared to Rs.83.83 crores last year. As a result, we retain the distinction of being the LARGEST EXPORTERS of cement in India.

Efficient Transportation

This year it was all the more important to further reduce distribution costs. We have been able to increase the throughput of our terminal further. Our terminal at Muldwarka has handled 18.56 lakh tonnes of cargo as against 12.98 lakh tonnes in 1996-97, a throughput increase of 43%.

ANOTHER COST SAVING DEVICE : A 40 MW POWER PLANT

Our people have achieved yet another milestone. They have put up a 40 MW Power Plant in just 8 months at a low cost. With the commissioning of this power plant, the total power generation capacity at Ambujanagar has gone up to 58 MW. This capacity is sufficient to cater to the entire needs of all the 3 cement plants and other ancillary facilities at Ambujanagar.

Our people have also put up a new 12 MW Power Plant at Himachal Pradesh during the year. With the existing 12 MW, the total capacity of the power plant at Himachal Pradesh has now been enhanced to 24 MW.

These power plants will not only ensure uninterrupted stable power to our cement plants but will also reduce our power costs considerably.

AMBUJA CEMENT EASTERN LIMITED (FORMERLY MODI CEMENT LIMITED)

As informed in last year's report, our Company made an offer to join as Co-Promoter for revival of ailing Modi Cement Limited (MCL) registered with Board For Industrial and Financial Reconstruction (BIFR).

The BIFR sanctioned the rehabilitation scheme during the year and subsequent to this the name of the company was changed to Ambuja Cement Eastern Limited (ACEL). Our Company was inducted into the management of ACEL from December 1997. Shri Harshavardhan Neotia, Director of

our company, was appointed as Managing Director of ACEL.

The plant was closed for several months, but soon after our induction into the management, the Company took effective steps to immediately restart production. Further steps are being taken to improve quality of cement and bring about operational efficiencies. The original capacity of the plant was 1.15 million tonnes. This was then sought to be enhanced to 1.80 million tonnes. The highest production achieved so far is 1.22 million tonnes. It will be our endeavour to maximise production out of this plant and suitable actions have been initiated in this direction.

As per the scheme of revival of ACEL, the share capital of the company has been restructured. The then existing share capital of Rs. 45.80 crores was reduced to Rs.11.45 crores and our company subscribed for 16.60 crores new shares of Rs.10 each, amounting to Rs.166 crores. Accordingly, in the revised share capital of ACEL, our company holds over 93% of the share capital making ACEL as our subsidiary company.

To give further support to ACEL, our company has agreed to license ACEL to sell their cement under our brand name "AMBUJA CEMENT". This has helped ACEL to quickly establish itself in the markets of West Bengal and other parts of Eastern India. Further steps are being taken to strengthen the marketing and distribution network.

It is expected that with the improvement in production and further steps being taken to enhance the capacity, ACEL will be able to perform better in the coming years.

THE ECONOMIC ENVIRONMENT

The year 1997-98 was a difficult year compared to past four years of good performance of the Indian economy. Real GDP growth decelerated to 5%. Infrastructure development was stymied due to hurdles in the policy formulation and its implementation. This depressed the industrial growth to only 4.2%, the lowest in the last five years. Exports growth also was dismal at less than 3% in 1997-98.

Despite the economic slowdown, adverse external environment and heavy increase in cost of inputs, cement production and despatches grew by 10% in 1997-98 over the preceding year.

The future provides positive signal for the industry in the new housing policy and the increased flow of resources into the infrastructure sector. However benefits from these policies to the cement industry and the economy will depend upon their effective implementation.

GUJARAT AMBUJA CEMENTS LIMITED**CEMENT OUTLOOK****Only The Efficient Will Grow**

The cement industry continues to face challenges on account of surplus capacity and ever-rising input costs.

The growth in cement demand at 8.5% was not sufficient to absorb enhanced production during the year. This coupled with subdued cement prices and increase in costs of major inputs has led to erosion in the bottomlines of the cement industry as a whole. However, with the Government declaring housing a thrust area, and with abolition of the outdated Urban Land Ceiling Act round the corner, coupled with infrastructure push the demand for cement in future would increase still further.

We believe, the cement industry is destined to consolidate its growth impulses in the coming years with accent on productivity, low capital costs, operational efficiency and consumer preference.

ENVIRONMENT MANAGEMENT AND RURAL DEVELOPMENT

At our Gujarat plants, we had introduced an environment-friendly technique of mining by a road ripper. This equipment scrapes limestone from the surface, and eliminates the need of blasting and crushing. Thus, it avoids noise and air pollution. It also saves energy to crush limestone.

Encouraged by the successful adoption of this technique, our people have now aimed at mining without blasting. They have deployed four such rippers, which do about 95% of the mining.

On the rural development front, the Ambuja Cement Foundation has extended its activities to Jafrabad taluka, in Gujarat. This was taken up at the request of the Central Government. The Watershed project in this taluka has received warm response from the villagers. With their help, a comprehensive programme of constructing check dams, underground water tanks and well recharging has been taken up.

At our Kashlog mines in Himachal Pradesh, our people have taken every measure to protect and preserve the environment.

They have built an extensive network of check- dams, and RCC walls to prevent any loose material rolling down the slopes and contaminate the streams and rivulets.

These mines have received accolades from various organisations and agencies. But, the best has come from the villagers. They trust our people.

RECOGNITION

Once again, the worldwide poll conducted by 'asiamoney' in January 1998 has ranked the company among the top four for best relations with the investor and among the ten best managed companies in India.

REDEMPTION OF 18.5% DEBENTURES

The 18.5% Non-convertible Debentures aggregating to Rs.200 crores were issued in the year 1992. These were due for redemption at any time after expiry of 5 years from date of allotment at the option of the Company but not later than November 2000.

During the year, the Company has redeemed the outstanding amount of said debentures, at par, aggregating to Rs. 36.76 crores.

DIRECTORS

Shri V.K.Neotia, Shri M.L.Bhakta and Shri Nimesh Kampani, Directors of the company retire by rotation and being eligible, offer themselves for re-appointment.

Shri Harshavardhan Neotia has resigned as whole-time Director of the company w.e.f. 9th December 1997, on his being appointed as Managing Director of Ambuja Cement Eastern Limited (formerly Modi Cement Limited). However, he continues to be a Director on the board of the company.

AUDITORS

Note No. 16, 1(f)(*) and 18 to the Accounts as referred in the Auditors' report are self-explanatory and, therefore, do not call for any further comments or explanations.

M/s. Dalal & Shah and M/s. Chaturvedi & Company, Auditors of the company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. You are requested to re-appoint the Auditors and fix their remuneration.

M/s. P. M. Nanabhoy & Co., Cost Accountants, have been appointed as Cost Auditor of the company for the year 1998-99.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto (Annexure - I) and forms part of this report.

PARTICULARS OF EMPLOYEES

Information required to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 is enclosed herewith marked Annexure - II and forms part of this report.

SUBSIDIARY COMPANIES

Ambuja Cement Eastern Limited (formerly Modi Cement Limited) has become a subsidiary of the company during the year pursuant to investments made by the company in terms of the BIFR Order.

Cement Ambuja International Limited, Mauritius, a wholly owned subsidiary of the company has acquired Midigama Cements (Private) Limited in Sri Lanka during the year. By virtue of this, Midigama Cements (Private) Limited has also become a subsidiary of the company. This will facilitate the development of the international markets for the company.

Annual reports for the year 1997-98 of the subsidiary companies viz., Ambuja Cement Eastern Limited, GACL Finance Limited, Concrete Investments Limited, Indo Nippon Special Cements Limited, Ganpati Greenfields Limited, Hometrust Housing Finance Company Limited, Cement Ambuja International Limited, Mauritius and Midigama Cements (Private) Limited, Sri Lanka are annexed.

ACKNOWLEDGEMENT

We take this opportunity to express our deep sense of gratitude to Financial Institutions, International Finance Corporation, Bankers, Central and State Government Departments, and Local Authorities for their continued guidance and support.

We are specially grateful to the Governments of Gujarat, Maharashtra, Himachal Pradesh, Punjab, Andhra Pradesh and Kerala for their support and guidance on our new projects.

At this point, we would like to place on record our sincere appreciation of the total commitment, dedication and hard work put in by every member of the Ambuja team. To them goes the credit for the company's achievements.

And to you, our shareholders, we are deeply grateful for the confidence and faith that you have always placed in us.

For and on behalf of the Board

Mumbai, 20th August, 1998

Suresh Neotia
Chairman

ANNEXURE I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE BOARD OF DIRECTORS' REPORT) RULES, 1988

A) CONSERVATION OF ENERGY

- a) Energy conservation measures taken :
 - (i) Installation of energy efficient mechanical system in place of pneumatic transport of raw meal to blending silo at Ambujanagar.
 - (ii) Optimisation of Raw Mill grinding system at Ambujanagar.
 - (iii) Installation of Slip Power Recovery System in one Glass Bag House Fan at Ambujanagar.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
 - (i) Optimisation of coal conveying system to Precalciner.
 - (ii) Installation of energy efficient mechanical system in place of pneumatic transport of raw meal to Preheater at Ambujanagar.
 - (iii) Installation of Slip Recovery Power System in remaining two Glass Bag House Fans at Ambujanagar.
 - (iv) Total investment on account of the above is estimated at Rs.235 lacs.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

Measures referred to in items a(i) to (iii) and b(ii) & (iii) above, when completed will result in saving of Rs.129 lacs approximately per year on account of power cost. The other measures under (b) above are also likely to further reduce the energy consumption but exact quantification is difficult at this stage.
- d) Total energy consumption and energy consumption per unit of production :

Information given in the prescribed Form - A annexed.

B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption are given in prescribed Form - B annexed.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products & services; and export plans :

During the year, Company has developed new export markets and given thrust to exports. As a result of these initiatives, Company's exports during this year were maintained at Rs. 81.28 crores (FOB) as against Rs.82.86 crores (FOB) in the previous year, despite intense competition in the Asian cement market arising out of surplus cement situation and devaluation of the local currencies. In terms of quantity, the export during the year was 5.40 lac MT against 5.33 lac MT in previous year. Company proposes to continue its thrust on exports.

- b) Total foreign exchange used and earned :

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Used	12357.74 *	6645.27
Earned	8716.41 **	8398.78

(* excluding repayment of borrowings Rs.3005.48 lacs, previous year Rs. 3234.53 lacs and investment in subsidiary Rs. Nil, previous year Rs. 964.71 lacs)

(** excluding borrowings Rs. 14036.19 lacs, previous year Rs. 5170.00 lacs.)

FORM - A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

(A) POWER AND FUEL CONSUMPTION

	Current Year 1997-98	Previous Year 1996-97
1. Electricity		
a) Purchased		
Unit (Lac-KWH)	3581.78	3739.56
Total Amount (Rs.in lacs)	9879.81	9901.11
Rate/Unit (Rs.)	2.76	2.65
b) Own Generation		
i) Through Diesel Generator *		
Net units (lac-KWH)	1664.98	672.67
Units/Ltr. of LDO/FURNACE OIL(KWH)	3.88	3.44
LDO/FURNACE OIL - Cost/Unit Generated (Rs./KWH)	1.58	2.10
ii) Through Steam		
Turbine/Generator		
Units	Nil	Nil
Units/Ltr. of fuel	Nil	Nil
Oil/Gas Cost/Unit	Nil	Nil
2. Coal (A,B,C & D Grade) and other fuels		
Quantity (Million K.Cal)	3536800	2821668
Total cost (Rs.in lacs)	13895.37	11651.91
Average Rate (Rs./Million K.Cal)	392.88	412.94
3. Light Diesel Oil/High Speed Oil		
Quantity (K.Ltrs.)	4281	3040
Total cost (Rs.in lacs)	349.02	239.97
Average Rate (Rs./ K.Ltr.)	8153	7895
4. Others/Internal Generation		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil

(B) CONSUMPTION PER UNIT OF PRODUCTION

	Industry Norms	Current Year	Previous Year
Electricity (KWH/T of Cement) **	110-115	103	105
LDO (Ltr./T of Clinker)	N.A.	0.94	0.80
Coal and other fuels (K.Cal/Kg. of Clinker)	850	778	742

* Does not include 235.39 K.ltrs. of LDO/FO used for 4 D.G. Sets at Ambujanagar, value Rs.16.13 lacs during trial run period (previous year Nil).

** Does not include electricity consumed in residential colony which is 0.92 KWH/T of cement (previous year 0.97 KWH/T of cement).

GUJARAT AMBUJA CEMENTS LIMITED

FORM - B

(See Rule 2)

Form for disclosure of particulars with respect to Absorption

A. RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company :
 - (a) Evaluation of fly ash from various power plants and utilise it for blended cement.
 - (b) Evaluation of blast furnace granulated slag from steel plants and utilise it for blended cement.
 - (c) Development of beneficiation system of gypsum.
2. Benefits derived as a result of the above R & D :
 - (a) Increase in cement production.
 - (b) Reduction in cost of production.
3. Future plan of actions :
 - (a) Development of Blended Cements using industrial wastes.
 - (b) Utilisation of Furnace oil sludge and Lub oil residue as fuel.
 - (c) Establishment of full fledged Concrete Testing Laboratory.
4. Expenditure on R & D :

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
(a) Capital expenditure	16.17	25.34
(b) Recurring expenditure	16.27	18.71
(c) Total expenditure	32.44	44.05
(d) Total R & D expenditure as a percentage of total turnover	0.03%	0.05%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :
The technology has been fully absorbed. Company's personnel from operations, maintenance and developmental activities were deputed for training through seminars and visits.
2. Benefits derived as a result of the above efforts :
Improved quality and productivity and cost reduction due to saving of thermal and electrical energy.
3. Information regarding technology imported during last 5 years :
 - a) Technology imported : (i) Advanced Kiln Automation System - FLS-SDR & FUZZYLOGIC and Raw Meal Proportioning System.
(ii) High Pressure Grinding System (Polycom) for clinker grinding.
 - b) Year of import : (i) 1993-94
(ii) 1996-97
 - c) Has technology been fully absorbed : Technology has been fully absorbed.
 - d) If not fully absorbed, areas where this has not taken place, reasons therefor, and future plans of action. : Not applicable

NOTE : The Regional Training Centre at Ambujanagar, sponsored by World Bank and DANIDA (Danish International Development Agency) for imparting advanced knowledge in all facets of cement technology to the personnel working in cement plants in western India is fully operational and number of training programmes are on increasing trend.

AUDITORS' REPORT

TO THE MEMBERS

We have audited the attached Balance Sheet of GUJARAT AMBUJA CEMENTS LIMITED as at 30th June, 1998 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report as under :-

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order ;
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that :
We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company ;
The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account of the Company ;
3. In our opinion and to the best of our information and according to the explanations given to us, the Accounts,

subject to (i) Note No. 16 relating to provision for taxation in respect of Profit for the three months ended 30th June, 1998, and (ii) Note No. 1(f) (*) and 18 relating to inclusion of interest in arriving at the cost for the valuation of Closing Stocks of materials in process and finished goods which is not in accordance with Accounting Standard AS 2 issued by the Institute of Chartered Accountants of India and effect of which on year-end inventory and Profit for the year is not ascertained and read together with other Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view :-

- (a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 30th June, 1998 and
- (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For and on behalf of
Dalal & Shah
Chartered Accountants

Y. C. Amin
Partner

Mumbai, 20th August, 1998

For and on behalf of
Chaturvedi & Company
Chartered Accountants

V. B. Chaturvedi
Partner

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1998 OF GUJARAT AMBUJA CEMENTS LIMITED

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that :

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. As explained to us, all the fixed assets have been physically verified by the Management at reasonable intervals. The material discrepancies, if any, on physical verification are being dealt with in the accounts as and when determined on the completion of the reconciliation of the same ;
- (ii) None of the Fixed Assets have been revalued during the year;
- (iii) The stocks of finished goods, stores, spares and raw materials have been physically verified by the Management during and/or at the end of the year, except for stocks of stores and spares in transit and stocks lying with contractors which have, generally, been confirmed by the parties;
- (iv) As explained to us, the procedure of physical verification of the stocks referred to in (iii) above followed by the Management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- (v) According to the records produced to us for our verification, no material discrepancies have been noticed on physical verification of stocks referred to in (iii) above, as compared to book records and the same have been properly dealt with in the books of account;
- (vi) We have examined the stock verification records of the Company and wherever considered necessary, have physically verified the stocks with assistance from the technical staff of the Company. On the basis of such examination and verification, we are satisfied that the valuation of stocks, after considering the method of accounting adopted by the Company in relation to Excise Duty (as detailed in Note 4 in Schedule 'S' to the Accounts), is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year (Refer Note 1(f)(*) and 18 in Schedule 'S' to the Accounts);
- (vii) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956;
- (viii) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties

listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956;

- (ix) In respect of Loans and Advances in the nature of loans given by the Company, we have to state as under :-

a) Loans to Subsidiaries :

1. The Company has during the year given an unsecured loan repayable on demand to Rs.795.00 lacs to GACL Finance Ltd. - a subsidiary company, which has been demanded and received during the year. Interest is being recovered regularly;
2. The Company has during the year given an unsecured loan repayable on demand amounting to Rs.50.00 lacs to Home Trust-Housing Finance Company Limited - a subsidiary company, which has been demanded and received during the year. Interest is being recovered regularly;
3. A sum of Rs.600.00 lacs was outstanding as on 1st July, 1997 against unsecured loans repayable on demand given to Ganpati Greenfields Ltd. - a subsidiary company, against which Rs.200.00 lacs have been demanded and received during the year. Interest is being recovered regularly ;
4. Loans to Ambuja Cements Eastern Ltd. - (Formerly Modi Cements Ltd.)
 - 4.1 The Company has during the year given an unsecured loan repayable on demand amounting to Rs.1250.00 lacs, which was demanded and received during the year. Interest is being recovered regularly;
 - 4.2 Company has during the year given interest free advance of Rs.600 lacs to liquidate the foreign currency loan taken by said subsidiary, at the present discounted value, as per Rehabilitation Scheme approved by Board for Industrial & Finance Reconstruction. Out of this, Rs.593.33 lacs have been now transferred as secured loan repayable within seven years. Interest as per stipulation is to be recovered on maturity of loan. Balance amount of advance viz. Rs.6.67 lacs

remaining outstanding at the end of the year, has since been recovered.

- b) Employees and other parties to whom loans have been given by the Company are repaying the principal amount as stipulated and are also regular in payment of interest wherever stipulated;
- (x) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, plant and machinery, equipment and other assets and also for the sale of goods;
- (xi) According to the information and explanations given to us, the transactions of purchase and sale of goods and materials made in pursuance of contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices available with the Company for such goods and materials or the prices at which transactions for similar goods have been made with other parties;
- (xii) According to the information and explanations given to us, the Company has regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods and necessary provision for loss arising on the items so determined, have been made in the Books of Account of the Company;
- (xiii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public;
- (xiv) As explained to us, the Company does not have any by-products or manufacturing scrap;
- (xv) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business;
- (xvi) We have broadly reviewed the Books of Account maintained by the Company pursuant to the Rules

made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;

- (xvii) According to the records of the Company, Provident Fund dues and the Employees' State Insurance dues, wherever applicable, have been regularly deposited, during the year, with the appropriate authorities;
- (xviii) On the basis of the records of the Company and considering the method of accounting followed by it with regard to accounting of Excise Duty (as detailed in Note 4 in Schedule 'S' to the Accounts), no undisputed amounts were outstanding in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty as at the last day of the financial year for a period of more than six months from the date they became payable;
- (xix) On the basis of (i) the examination of the books of account, (ii) the vouchers produced to us for our verification, (iii) the explanations given and representations made to us upon our inquiries, (iv) the checks and controls relating to authorising expenditure on the basis of contractual obligations to the employees and (v) accepted business practices, having regard to the Company's needs and exigencies, we have not come across any expenses charged to revenue which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses;
- (xx) The Company does not fall within the purview of Clause (o) of sub-section(1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For and on behalf of
Dalal & Shah
Chartered Accountants

For and on behalf of
Chaturvedi & Company
Chartered Accountants

Y. C. Amin
Partner

V. B. Chaturvedi
Partner

Mumbai, 20th August, 1998

GUJARAT AMBUJA CEMENTS LIMITED

BALANCE SHEET AS AT 30TH JUNE, 1998

	Schedule	Rs. in lacs	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	17,354.84		10,353.83
Share Application Money		—		3.80
Reserves and Surplus	B	90,449.05		81,441.74
			107,803.89	91,799.37
Loan Funds				
Secured Loans	C	83,117.28		76,541.88
Unsecured Loans	D	23,728.61		12,110.90
			106,845.89	88,652.78
TOTAL			214,649.78	180,452.15
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	E	183,009.28		146,884.30
Less : Depreciation		36,620.74		26,099.65
Net Block		146,388.54		120,784.65
Capital Work in Progress (including Machinery in transit Rs.38.51 lacs;30.6.97 Rs. 196.36 lacs, and expenditure during construction for Projects Rs.Nil, 30.6.97 Rs. 2126.23 Lacs), expenditure to date		3,118.23		17,371.76
		149,506.77		138,156.41
Advances against capital expenditure		2,114.14		2,458.39
			151,620.91	140,614.80
Investments				
	F		30,953.73	16,306.25
Current Assets, Loans and Advances				
Inventories	G	15,034.41		17,398.17
Sundry Debtors	H	2,166.98		1,625.66
Cash and Bank Balances	I	12,729.59		4,872.05
Other Current Assets	J	4,115.94		1,549.27
Loans and Advances	K	8,995.72		8,582.44
		43,042.64		34,027.59
Less : Current Liabilities and Provisions	L			
Liabilities		8,221.91		8,697.50
Provisions		3,130.77		2,145.56
		11,352.68		10,843.06
Net Current Assets			31,689.96	23,184.53
Miscellaneous Expenditure				
(to the extent not written off or adjusted)	M		385.18	346.57
TOTAL			214,649.78	180,452.15
Notes forming part of the Accounts	S			

As per our attached report of even date

For and on behalf of
DALAL & SHAH
Chartered AccountantsY. C. Amin
Partner

Mumbai, 20th August, 1998

For and on behalf of
CHATURVEDI & COMPANY
Chartered AccountantsV. B. Chaturvedi
PartnerB. L. Taparia
Company Secretary &
Chief Financial ControllerSuresh Neotia
Vinod Neotia
M. T. Patel
N. N. Pai
M. L. Bhakta
Nimesh Kampani
Harshavardhan Neotia
O. V. Bundellu
Bodhishwar Rai
Narotam Sekhsaria
Pulkit SekhsariaFor and on behalf of the Board
Chairman

Directors

Managing Director
Whole-time Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1998

	Schedule	Rs. in lacs	1997-98 Rs. in lacs	1996-97 Rs. in lacs
INCOME				
Sales/Operating Income				
i) Sales (Including Sale of Clinker Rs. Nil, 30.6.97 Rs.777.19 Lacs)		113,120.80		92,149.45
Adjustments relating to previous year		(24.87)		(12.14)
		<u>113,095.93</u>		<u>92,137.31</u>
ii) Incentive from Government		1,457.11		885.87
			114,553.04	93,023.18
Other Income	N		2,049.07	1,248.04
Variation in Stocks	O		63.76	2,492.68
			<u>116,665.87</u>	<u>96,763.90</u>
EXPENDITURE				
Manufacturing Expenses	P	43,763.12		38,559.61
Excise Duty		15,813.42		12,602.40
Administrative and Selling Expenses	Q	21,809.81		17,055.08
Interest and Finance Charges, Net	R	10,776.22		6,881.06
Depreciation and amortization		10,850.02		8,116.39
			103,012.59	83,214.54
Profit before Taxation			13,653.28	13,549.36
Provision for Taxation [including Rs.12.00 Lacs for Wealth Tax (Previous year Rs. 11.00 lacs)]			487.00	311.00
Profit for the year			13,166.28	13,238.36
Balance as per last Account			1,709.32	2,862.60
Excess Depreciation-written back			7.85	38.80
			14,883.45	16,139.76
Depreciation relating to earlier years			(59.64)	(71.17)
Tax adjustments in respect of earlier years			(95.97)	4.93
			14,727.84	16,073.52
Transferred to Capital Redemption Reserve			--	3,000.00
Transferred to Debenture Redemption Reserve			2,805.00	3,610.00
Transferred to Contingency Reserve			1,000.00	1,000.00
Transferred to General Reserve			3,000.00	2,500.00
Interim Dividends				
on Preference Shares		434.52		*280.85
Corporate Dividend Tax on above		43.45		--
		477.97		280.85
on Equity Shares		1,839.26		*1,838.79
Corporate Dividend Tax on above		183.93		--
		2,023.19		1,838.79
			2,501.16	2,119.64
Provision for Final dividend for the year				
on Preference Shares		--		101.65
Corporate Dividend Tax on above		--		10.17
			--	111.82
Proposed Final dividends				
on Preference Shares		260.27		--
Corporate Dividend Tax on above		26.03		--
		286.30		--
on Equity Shares		2,574.97		1,838.86
Corporate Dividend Tax on above		257.50		183.88
		2,832.47		2,022.74
			3,118.77	2,022.74
Balance carried to Balance Sheet			2,302.91	1,709.32
Notes forming part of the Accounts	S			
(* Subject to deduction of Tax)				

As per our attached report of even date

For and on behalf of
DALAL & SHAH
Chartered AccountantsY. C. Amin
PartnerFor and on behalf of
CHATURVEDI & COMPANY
Chartered AccountantsV. B. Chaturvedi
PartnerB. L. Taparia
Company Secretary &
Chief Financial Controller

Mumbai, 20th August, 1998

Suresh Neotia
Vinod Neotia
M. T. Patel
N. N. Pai
M. L. Bhakta
Nimesh Kampani
Harshavardhan Neotia
O. V. Bundellu
Bodhishwar Rai
Narotam Sekhsaria
Pulkit SekhsariaFor and on behalf of the Board
Chairman

Directors

Managing Director
Whole-time Director

GUJARAT AMBUJA CEMENTS LIMITED

SCHEDULES 'A' TO 'S' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1998

	Rs. in lacs	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'A' - SHARE CAPITAL			
Authorised			
25,00,00,000 Equity Shares of Rs.10 each	25,000.00		25,000.00
15,00,00,000 (5,00,00,000) Preference Shares of Rs.10 each	15,000.00		5,000.00
		40,000.00	30,000.00
Issued			
7,35,74,939 (7,35,68,639) Equity Shares of Rs. 10 each		7,357.49	7,356.86
(-) 3,00,00,000 12.75% Non-cumulative Redeemable Preference Shares of Rs.10 each		—	3,000.00
10,00,00,000 (-) 10.00% Non-cumulative Redeemable Preference Shares of Rs.10 each		10,000.00	—
		17,357.49	10,356.86
Subscribed			
7,35,74,939 (7,35,65,039) Equity Shares of Rs.10 each fully called up ...	7,357.49		7,356.50
Less: Allotment and Call money in arrears (other than Directors)	2.65		2.67
		7,354.84	7,353.83
(-) 3,00,00,000 12.75% Non -cumulative Redeemable Preference Shares of Rs.10 each		—	3,000.00
10,00,00,000 (-) 10.00% Non-cumulative Redeemable Preference Shares of Rs.10 each		10,000.00	—
		17,354.84	10,353.83

Notes :

- Out of above Equity shares -
 - 3,09,85,061 Shares of Rs.10 each issued as fully paid up Bonus Shares by way of Capitalisation of Share Premium Account.
 - 49,04,074(48,99,374) Shares are issued against exercise of Tradeable Warrants attached to 18.5% Secured Redeemable Non-Convertible Debentures.
 - 1,24,94,190 Shares are issued on conversion of 15,997 3.5% Foreign Currency Convertible Bonds of U.S \$5000 each.
- (-) 3,00,00,000 -Series'1' 12.75% Non-cumulative Redeemable Preference Shares, redeemable at par on 1st July, 1997, have been redeemed.
- 10,00,00,000 10.00% Non-cumulative Redeemable Preference Shares to be redeemed as under
 - 5,00,00,000 - Series'2' 10% redeemable at par on 24th September, 2000
 - 1,50,00,000 - Series'3' 10% redeemable at par on 13th November, 2000
 - 3,50,00,000 - Series'4' 10% redeemable at par on 17th November, 2000

SCHEDULE 'B' - RESERVES AND SURPLUS**Capital Reserve:**

(a) Cash Subsidy from Government	25.00	25.00
(b) Grant-in-aid Subsidy from DANIDA	11.61	11.61
(c) Housing Subsidy		
As per last Account	12.35	12.35
Add : Received during the year	4.80	—
	17.15	12.35
(d) Modvat Credit availed on Capital Goods		
As per last Account	1,716.03	608.16
Add: Modvat Credit availed during the year	1,633.25	1,312.26
	3,349.28	1,920.42
Less: Claims in respect of earlier years withdrawn during the year	16.69	204.39
	3,332.59	1,716.03
	3,386.35	1,764.99
Carried forward	3,386.35	1,764.99

GUJARAT AMBUJA CEMENTS LIMITED

	Rs. in lacs	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'B' - RESERVES AND SURPLUS (Contd.)			
Brought forward		3,386.35	1,764.99
Share Premium Account			
As per last Account	39,082.43		39,066.31
Add: Received during the year			
On Shares allotted	9.50		15.54
On Calls in arrears	0.32		0.58
	9.82		16.12
	39,092.25		39,082.43
Less : Premium on redemption of Debentures and Shares, Debentures and Bond Issue Expenses	22.46		—
		39,069.79	39,082.43
Investment Allowance (Utilised) Reserve Account		1,550.00	1,550.00
Debenture Redemption Reserve			
As per last Account	4,835.00		1,225.00
Add : Set aside this year	2,805.00		3,610.00
		7,640.00	4,835.00
Capital Redemption Reserve			
As per last Account	3,000.00		—
Add : Set aside this year	—		3,000.00
	3,000.00		3,000.00
Less: Transferred to Capital Redemption Reserve Account	3,000.00		—
		—	3,000.00
Capital Redemption Reserve Account			
Transferred from Capital Redemption Reserve this year		3,000.00	—
Contingency Reserve			
As per last Account	2,000.00		1,000.00
Add : Set aside this year	1,000.00		1,000.00
		3,000.00	2,000.00
General Reserve			
As per last Account	27,500.00		25,000.00
Add : Set aside this year	3,000.00		2,500.00
		30,500.00	27,500.00
Surplus as per Profit & Loss Account		2,302.91	1,709.32
		90,449.05	81,441.74

SCHEDULE 'C' - SECURED LOANS**(a) Debentures**

i) 10,00,000 17.5 % Secured Redeemable Non-Convertible Debentures of Rs.100 each-Series'1' (Refer Note 1(a) below)	1,000.00	1,000.00
Less: 49,300 (-) Debentures fully redeemed	49.30	—
	950.70	1,000.00
Less: 9,50,700 (-) First Instalment of Rs.33/- per Debenture redeemed during the year	313.73	—
		636.97
ii) 50,00,000 18.5 % Secured Redeemable Non-Convertible Debentures of Rs.400 each-Series'2' (Refer Note 1(b) below) out of which:		
9,17,839 (9,14,049) Debentures of Rs.400 each fully called up	3,671.36	3,656.20
Add: 1050 (3950) Debentures of Rs.400 each issued during the year	4.20	15.80
C/f	3,675.56	3,672.00
Carried forward		636.97
		1000.00

GUJARAT AMBUJA CEMENTS LIMITED

		Rs. in lacs	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'C' - SECURED LOANS (Contd.)				
	Brought forward		636.97	1000.00
	B/f	3,675.56		3,672.00
	Less: (-) 160 fully paid up Debentures redeemed and/or surrendered with Tradeable Warrants -cancelled	—		0.64
		3,675.56		3,671.36
	Less: 9,18,889 paid up Debentures redeemed	3,675.56		—
		—		3,671.36
	Less: Calls in arrears (Other than Directors)	—		331.70
			—	3,339.66
iii)	20,00,000 18.00 % Secured Redeemable Non-Convertible Debentures of Rs.100 each-Series'3' (Refer Note 1(c) below)		2,000.00	2,000.00
iv)	30,00,000 17.10 % Secured Redeemable Non-Convertible Debentures of Rs.100 each-Series'4' (Refer Note 1(c) below)		3,000.00	3,000.00
v)	50,00,000 16.50 % Secured Redeemable Non-Convertible Debentures of Rs.100 each -Series'5' (Refer Note 1(d) below)		5,000.00	5,000.00
vi)	1,11,570 16.50 % Secured Redeemable Non Convertible Bonds of Rs.10000 each -Series'6' (Refer Note 1(e) below)		11,157.00	11,157.00
vii)	6,104 Secured Redeemable Non-Convertible Discount Bonds, Face Value of Rs.50000 (Issue Price Rs.10000) each - Series'7' (Refer Note 1(f) below)	3,052.00		3,052.00
	Less: Discount Charges(to the extent to be written off in future years)	2,232.44		2,378.93
			819.56	673.07
viii)	640 (-) 12.50% Secured Redeemable Non-Convertible Step Up Debentures of Rs.5,00,000 each -Series'8' (Refer Note 1(g) below)		3,200.00	—
(b)	Term Loans (Refer Note 2 below)			
(i)	From Financial Institutions	44,490.55		50,212.15
(ii)	From Banks	—		60.00
			44,490.55	50,272.15
(c)	From Gujarat Industrial & Investment Corporation Ltd. (Refer Note 3 below)		100.00	100.00
(d)	Short Term Loan from Financial Institution (Refer Note 4 below)		7,600.00	—
(e)	Foreign Currency Term Loan from a Bank (Refer Note 5 below)		5,113.20	—
(f)	From Banks (Refer Note 6 below)		—	—
			83,117.28	76,541.88

Notes :

1. Debentures/Bonds :

- Issued in terms of Trust Deed dated 20.3.93, by way of private placement, to be redeemed in three equal instalments commencing at the end of the sixth year from its issue, at a premium of 5% of the Face Value of the Debenture and are secured against mortgage of all movable and immovable assets of the Company (excluding current assets for which charge is created and/or to be created in favour of Company's Bankers for the Working Capital facilities). (*)
- Issued in terms of Trust Deed dated 16.10.93, to be redeemed at par, on the expiry of eight years from the date of allotment, viz.20.11.92, with an option to redeem the same at any time after five years from the date of allotment or at an earlier date and on the terms as may be decided by the Board of Directors and if such an earlier redemption and the terms are acceptable to the debentureholders and are secured by way of first mortgage and/or charge in favour of the 'Trustees for Debentureholders' on all or any of the movable and immovable assets, both present and future, of Gajambuja Cement Unit of the Company situated at P.O. Ambujanagar, Village Vadnagar, Taluka Kodinar, District Junagadh, Gujarat excluding current assets for which charge is created and /or to be created in favour of Company's Bankers for Working Capital facilities and such other assets specifically charged and/or to be charged to any other creditors/lenders. 9,18,889 Debentures outstanding as on 19th November, 1997 were under an option to the board, redeemed during the year, out of which the Debentureholders of 12,174 fully paid debentures and 66,357 partly paid debentures have yet not claimed the Redemption amount. Unpaid amount in respect of redeemed debentures is shown under Current Liabilities.

SCHEDULE 'C' - SECURED LOANS (Contd.)

- (c) Issued in terms of Trust Deed dated 20.6.97, by way of private placement, to be redeemed at par, in eight equal annual instalments commencing from 1.10.98 and are secured by mortgage of immovable properties and hypothecation of movable properties (save and except book debts) of the Gajambuja Unit of the Company situated at P.O. Ambujanagar, Taluka Kodinar, Dist. Junagadh in the State of Gujarat, subject to the prior charges created and /or to be created in favour of the Company's Bankers on specified movable assets for Working Capital facilities. (*)
- (d) Issued in terms of Debenture Trust Deed dated 30.09.1997, by way of private placement, to be redeemed at par in three equal annual instalments commencing from 1.1.2002 and are secured by mortgage of immoveable properties of the three plants of the Company situated at P.O. Ambujanagar, Taluka Kodinar, Dist. Junagadh in the State of Gujarat. (*)
- (e) Issued in terms of the Trust Deed dated 30.09.1997, by way of private placement, to be redeemed at par in three annual instalments of Rs.3500, Rs.3500 and Rs.3000 per Bond respectively commencing from 27.01.2005, with a put and call option available at the end of the fifth year for redemption at par and are secured by mortgage of immoveable properties of the three plants of the Company situated at P.O. Ambujanagar, Taluka Kodinar, Dist. Junagadh in the State of Gujarat. (*)
- (f) Issued in terms of the Trust Deed dated 30.09.1997, by way of private placement, to be redeemed at face value of Rs.50,000 per Bond at the end of the tenth year viz. 27.01.2007, with put and call option available at the end of fifth year for redemption at Rs.22,000 per Bond and are secured by mortgage of immoveable properties of the three plants of the Company situated at P.O. Ambujanagar, Taluka Kodinar, Dist. Junagadh in the State of Gujarat. (*)
- (g) Issued by way of private placement, to be redeemed at par at the end of fifth year from date of allotment and to be secured by mortgage of immoveable properties of the Company. Documents regarding mortgage/charge are under execution . (*)
2. Secured by Joint Equitable Mortgage of all the immovable assets and/or hypothecation of all the movable assets save and except the assets specifically hypothecated to Financial Institutions and Banks for Term Loans, both present and future, subject to the prior charges created and /or to be created in favour of Company's Bankers on specified movable assets for Working Capital facilities . (*)
3. Secured by Second Mortgage of all the immoveable assets and a second charge by way of hypothecation of all the movable assets (save and except book debts and current assets), both present and future , situated at Village Vadnagar, Taluka Kodinar, Dist. Junagadh, Gujarat, subject to the prior charges created and/or to be created in favour of the financial institutions and the Company's Bankers on specified movable assets.
4. Secured by hypothecation of all movable assets including movable Plant & Machinery, Spares, Tools, Accessories and Other movables, present and future, at Company's Cement plants situated at Ambujanagar(Gujarat), Darlaghat(Himachal Pradesh) and Ropar (Punjab) or held by any party to the order of the Company.
5. Secured by hypothecation of Four D.G.sets purchased and installed at Company's Plant at Ambujanagar (Gujarat).
6. Working Capital loans from Banks are secured by hypothecation of Inventories and Book Debts. Balances in Cash Credit Account in favour of the Company amounting to Rs.3704.19 lacs (30.6.97 Rs.1886.44 lacs) after adjusting borrowing under Export Packing Credit Account amounting to Rs.640.27 lacs (30.6.97 Rs.Nil) have been included in bank balances in Schedule -'I'.
- (*) Charges to rank *pari passu inter se*

	As at 30.6.98	As at 30.6.97
Rs. in lacs	Rs. in lacs	Rs. in lacs

SCHEDULE 'D' - UNSECURED LOANS

Sales Tax Deferment Loan under Sales Tax Incentive Scheme of Government of Gujarat	2,049.42	1,877.87
Fixed Deposits	—	1.83
Interest accrued on Cumulative Deposits, payable on maturity	—	0.07
	—	1.90
Foreign Currency Term Loans	16,677.56	7,711.32
Short Term Loan from a Bank	2,500.00	—
Due to a Subsidiary Company, for Ships acquired under Bare Boat Charter cum Demise arrangement	2,501.63	2,519.81
	23,728.61	12,110.90

GUJARAT AMBUJA CEMENTS LIMITED

SCHEDULE 'E' - FIXED ASSETS

(Rs. in lacs)

DESCRIPTION	GROSS BLOCK (at Cost)				DEPRECIATION				NET BLOCK	
	As at 30.6.97	Additions	Deductions/ Transfers	As at 30.6.98	As at 30.6.97	For the Year(e)	Deductions/ Transfers	Upto 30.6.98	As at 30.6.98	As at 30.6.97
Freehold Land (a)	2,973.25	260.59	—	3,233.84	—	—	—	—	3,233.84	2,973.25
Leasehold Land (b)	787.83	—	—	787.83	82.89	20.41	—	103.30 (h)	684.53	704.94
Buildings, Roads, Marine Structures and Water Works (c)	18,366.12	9,420.48	1.31	27,785.29	1,381.15	534.67	(2.89)	1,918.71	25,866.58	16,984.97
Plant and Machinery	99,981.91	25,084.30	856.13	124,210.08	19,085.08	7,981.86	303.76	26,763.18	97,446.90	80,896.83
Electrical Installations	11,195.60	1,139.19	97.08	12,237.71	2,403.09	1,113.56	3.52	3,513.13	8,724.58	8,792.51
Railway Sidings and Locomotives	1,137.27	1.56	—	1,138.83	243.52	54.07	—	297.59	841.24	893.75
Furniture, Fixtures and Office Equipment	2,603.44	333.48	16.12	2,920.80	1,081.91	249.97	10.37	1,321.51	1,599.29	1,521.53
Ships	6,771.16	495.04	—	7,266.20	757.32	545.52	(32.99)	1,335.83	5,930.37	6,013.84
Vehicles (f)	1,826.70	227.16	82.97	1,970.89	953.15	311.88	47.16	1,217.87	753.02	873.55
Power Lines (g)	1,241.02	216.79	—	1,457.81	111.54	38.08	—	149.62 (h)	1,308.19	1,129.48
Total	146,884.30	37,178.59 (d)	1,053.61	183,009.28	26,099.65	10,850.02	328.93	36,620.74	146,388.54	120,784.65
Previous year's Total	108,044.01	39,556.60	716.31	146,884.30	18,224.30	8,171.06	295.71	26,099.65	120,784.65	

Notes :

- (a) Includes Rs. 9.50 lacs (30.6.97 Rs 9.50 lacs) being value of land jointly owned with other parties.
- (b) Includes Rs.590.99 Lacs (30.6.97 Rs. 590.99 Lacs) being the value of Land for which lease deeds are pending execution.
- (c) Including :
- (i) Premises on ownership basis of Rs.2083.24 lacs(30.6.97 Rs 1781.92 lacs) and cost of shares in Co-operative Societies Rs.0.76 lac (30.6.97 Rs. 0.76 lac).
- (ii) Rs. 186.73 lacs (30.6.97 Rs.132.23 lacs) being cost of roads constructed by the Company, ownership of which vests with the Government Authorities and Local Bodies, Rs. 8.80 lacs (30.6.97 Rs. 6.20 lacs) being the amortisation thereof upto 30th June,1998 is included in the Depreciation.
- (d) Includes Rs.2,221.25 lacs (30.6.97 Rs.22.37 lacs) on account of revalorisation of foreign currency loans due to exchange rate fluctuations.
- (e) Includes Rs. Nil (30.6.97 Rs.54.67 lacs) capitalised as Pre-operative and/or Trial run Expenses.
- (f) Vehicles of the value of Rs. Nil (30.6.97 Rs.58.79 lacs) are in process of being transferred in the name of the Company.
- (g) Cost incurred by the Company, ownership vests with State Electricity Boards.
- (h) Represents amount amortized upto 30th June,1998.

As at
30.6.98
Rs. in lacs

As at
30.6.97
Rs. in lacs

SCHEDULE 'F' - INVESTMENTS (at cost)

Long Term Investments :

In Government & Trust Securities

Quoted :

11,85,300 (16,85,300) Masterplus, 1991 of Rs.10 each of Unit Trust of India	195.50	277.96
1,89,800 (2,07,200) Mastergain,1992 of Rs.10 each of Unit Trust of India	19.78	21.59
26,97,753 Master Shares of Rs. 10 each of Unit Trust of India	460.97	460.97
2,50,000 Equity Opportunity Fund 1996 of Rs.10 each of Unit Trust of India	25.00	25.00
	701.25	785.52

Unquoted :

National Saving Certificates of the Face Value of Rs.2000/-	—	0.02
Indira Vikas Patra of the Face Value Rs. 5,00,000/-	5.00	—
Carried forward	706.25	785.54

	Rs. in lacs	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'F' - INVESTMENTS (at cost) (Contd.)			
Brought forward		706.25	785.54
In Fully Paid Shares, Debentures and Bonds, other than Trade			
Quoted:			
In Equity Shares:			
— (66,050) Equity shares of Rs.10 each in Balrampur Chini Mills Limited	—		63.17
4,24,900 (35,900) Equity shares of Rs.10 each in Bank of India	233.72		16.15
20,500 (-)Equity shares of Rs.10 each in Carrier Aircon Limited....	39.17		—
10,000 (-)Equity shares of Rs.10 each in Centak Chemicals Limited	11.10		—
10,000 Equity shares of Rs.10 each in Chicago Pneumatic (I) Limited	21.52		21.52
— (25,000) Equity shares of Rs.10 each in Cochin Refineries Limited	—		70.87
1,77,500 (-)Equity shares of Rs.10 each in DLF Cements Limited	9.62		—
7,900 (1,46,800)Equity shares of Rs.10 each in Dena Bank	2.37		44.04
50,000 Equity shares of Rs.10 each in FDC Limited	77.78		77.78
49,000 (99,000) Equity shares of Rs.10 each in The Great Eastern Shipping Company Limited	29.22		59.03
12,90,000 Equity shares of Rs.10 each in GRUH Finance Limited	360.03		360.03
— (1,63,800) Equity shares of Rs.10 each in Gujarat Industrial Power Company Limited	—		45.71
3,35,400 Equity shares of Rs.10 each in The Industrial Credit & Investment Corporation of India Limited	466.67		466.67
4,29,800 Equity shares of Rs.10 each in The Industrial Development Bank of India	558.74		558.74
2,13,400 (1,13,400) Equity shares of Rs.10 each in LIC Housing Finance Limited	103.36		48.36
61,400 (-)Equity shares of Rs.10 each in Mahanagar Telephone Nigam Limited	117.04		—
— (50,000) Equity shares of Rs.10 each in Marico Industries Limited	—		133.67
1,000 (-)Equity shares of Rs.100 each in Motor Industries Company Limited	48.28		—
1,28,000 (-)Equity shares of Rs.10 each in Mysore Cements Limited	12.96		—
9,96,800 (7,28,200) Equity shares of Rs.10 each in Priyadarshini Cement Limited	243.28		195.62
25,000 (-)Equity shares of Rs.10 each in Revathi CP Equipment Limited	85.04		—
1,00,000 (16,100) Equity shares of Rs.10 each in State Bank of India	197.20		49.12
— (12,300) Equity shares of Rs.10 each in Titan Industries Limited	—		7.71
90,000 (60,000) Equity shares of Rs.10 each in Upper Ganges Sugars & Industries Limited	133.73		133.73
— (30,000) Equity shares of Rs.10 each in Whirpool Washing Machine Limited	—		11.30
		2750.83	2363.22
Carried forward		3457.08	3148.76

GUJARAT AMBUJA CEMENTS LIMITED

	Rs. in lacs	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'F' - INVESTMENTS (at cost) (Contd.)			
Brought forward		3457.08	3148.76
In Fully Paid Debentures:			
12,500 17.5% Secured Redeemable Non-Convertible Debentures of Rs. 1000 each of The Arvind Mills Limited	132.41		132.41
(*) 2,00,000 17.5% Secured Redeemable Non-Convertible Debentures of Rs. 100 each, Series XV of Ashok Leyland Limited	200.00		200.00
(*) 3,550 14% Secured Redeemable Fully Convertible Debentures of Rs. 50 each of Balmer Lawrie-Van Leer Limited	1.78		1.78
3,00,000 14% Secured Redeemable Non-Convertible Debentures of Rs.100.00 each of Bharat Forge Limited [Balance value Rs.33.34 after redemption of Rs.66.66 each including Rs.33.33 per Debenture during the year]	103.10		206.21
3,34,025 18% Secured Redeemable Non-Convertible Debentures of Rs.45 each of Gujarat Industries Power Company Limited	144.94		144.94
5,10,000 16% Secured Redeemable Non-Convertible Debentures of Rs.60 each of Indian Petrochemicals Corporation Limited	310.41		310.41
(*) 3,00,000 17% Secured Redeemable Non-Convertible Debentures of Rs.100 each of Kesoram Industries Limited	298.37		298.37
8,600 16% Secured Redeemable Non-Convertible Debentures of Rs.200 each of Lupin Laboratories Limited (Balance value Rs.80 each after redemption of Rs.120 each including Rs.70 per Debenture during the year)	6.88		12.90
2,44,900 (3,94,900) 17.5% Secured Redeemable Non-Convertible Debentures of Rs. 200 each of Mangalore Refinery and Petrochemicals Limited (Balance value Rs.160 each after redemption of Rs.40 each during the year)	368.12		466.08
2,08,104 (-) 16% Secured Redeemable Non-Convertible Debentures of Rs. 95 each of Mangalore Refinery and Petrochemicals Limited	200.80		—
(*) 5,00,000 17% Secured Redeemable Non-Convertible Debentures of Rs. 100 each Series XVI of MRF Limited	500.00		500.00
(*) 3,00,000 18.5% Secured Redeemable Non-Convertible Debentures of Rs. 100 each of Mukand Limited	300.00		300.00
— (47,178) 14% Secured Redeemable Non-Convertible Debentures of Rs.150 each of Reliance Industries Limited-Series-'J'	—		55.29
14,927 13.5% Secured Redeemable Non-Convertible Debentures of Rs.70 each each of Sterlite Industries (India) Limited [Balance value Rs.35 each after redemption of Rs.35 per debenture during the year]	5.19		10.42
5,49,957 12.5% Secured Redeemable Non-Convertible Debentures of Rs.100 each of Tata Engineering & Locomotive Company Limited	422.02		422.02
7,000 17% Secured Redeemable Non-Convertible Debentures of Rs.100 each of United Phosphorus Limited.	7.00		7.00
		3001.02	3067.83
In Units of Mutual Funds:			
112,83,800 Morgan Stanley Growth Fund Units of Rs. 10 each of Morgan Stanley Mutual Fund	1080.26		1080.26
1,00,000 BOI Boinanza Exclusive Growth of Rs.10 each of BOI Mutual Fund	10.00		10.00
1,50,000 BOB Growth 1995 of Rs.10 each of BOB Mutual Fund	15.00		15.00
		1105.26	1105.26
Carried forward		7563.36	7321.85

GUJARAT AMBUJA CEMENTS LIMITED

	Rs. in lacs	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'F' - INVESTMENTS (at cost) (Contd.)			
Brought forward		7563.36	7321.85
In Partly Paid Equity Shares :			
In Other Companies :			
— (40,000) Equity shares of Rs.10 each in Bank of Baroda (Rs. 6/- and premium of Rs. 44/- per shares paid up)			20.00
			20.00
In Bonds :			
1,778 16.25% Unsecured Redeemable Regular Income Bonds of Rs.1000 each of The Industrial Credit & Investment Corporation of India Limited	177.80		177.80
44,000 16.75% Secured Redeemable Non-Convertible Regular Return Bonds of Rs.2500 each of Larsen & Toubro Limited	1155.76		1155.76
34,920 16.75% Secured Redeemable Non-Convertible Regular Income Bonds of Rs.5000 each of The Tata Iron & Steel Company Limited	1837.29		1837.29
		3170.85	3170.85
Unquoted:			
In Fully Paid Equity Shares :			
24,75,000 Equity Shares of Rs.10 each in Bengal Ambuja Housing Development Limited	247.50		247.50
8,00,000 Equity shares of Rs. 10 each in Gujarat Goldcoin Ceramics Limited	80.00		80.00
14,39,400 Equity shares of Rs.10 each in ICAN Securities & Research Limited	143.94		143.94
		471.44	471.44
In Fully Paid Debentures :			
3,00,000 18.5% Secured Redeemable Non-Convertible Debentures of Rs 100/- each of Punjab Wireless System Limited	300.00		300.00
		300.00	300.00
In Units of Mutual Funds:			
45,49,329.162 (-) Birla Cash Plus of Rs. 10/- each of Birla Mutual Fund ..	500.52		—
— (2,50,000) DSP Merrill Lynch - Equity Fund - Regular units of Rs. 10 each of DSP Merrill Lynch Mutual Fund			25.00
30,00,000 J M Tax Cover 1997 units of Rs. 10/- each of J M Mutual Fund	300.00		300.00
— (89,12,655.971) J M Liquid Fund, Growth Plan Units of Rs. 10/- each of J M Mutual Fund			1000.00
— (10,00,000) UTI Money Market Fund units of Rs. 10 each Unit Trust of India			100.00
		800.52	1425.00
In Subsidiary Companies:			
In Fully Paid Equity Shares			
Quoted:			
57,827 (-) Equity shares of Rs. 10 each in Ambuja Cement Eastern Limited	5.85		—
C/f	5.85		—
Carried forward		12306.17	12709.14

GUJARAT AMBUJA CEMENTS LIMITED

	Rs. in lacs	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'F' - INVESTMENTS (at cost) (Contd.)			
Brought forward		12306.17	12709.14
B/f	5.85		—
In Subsidiary Companies :(Contd.)			
Unquoted:			
11,60,00,000 (-) Equity shares of Rs. 10 each in Ambuja Cement Eastern Limited	11600.00		—
2,70,000 Equity Shares of USD 10 each in Cement Ambuja International Limited	964.71		964.71
4,79,475 Equity Shares of Rs.10 each in Concrete Investments Limited	47.95		47.95
4,79,500 (4,79,475) Equity Shares of Rs.10 each in GACL Finance Limited	83.95		83.95
34,38,470 (32,32,460) Equity Shares of Rs.10 each in Ganpati Greenfields Limited	343.85		323.25
2,99,950 Equity Shares of Rs.10 each in Indo-Nippon Special Cements Limited	29.99		29.99
99,99,300 Equity Shares of Rs.10 each in Hometrust Housing Finance Company Limited	999.93		999.93
	14070.38		2449.78
In Partly Paid Equity Shares -Quoted			
(*)500,00,000 (-) Equity shares of Rs. 10 each in Ambuja Cement Eastern Limited, Rs.7.50 per share paid up	3750.00		—
	3750.00		—
		17826.23	2449.78
In Bonds:			
Unquoted :			
— (120) 16% Unsecured Redeemable subordinate Regular Return Bonds of Rs.5,000 each of Bank of Baroda	—		6.00
— (50) 16% Unsecured Redeemable Subordinate Regular Return Bonds of Rs.10,000 each of Dena Bank	—		5.00
6,000 16% Secured Redeemable Non-Convertible Bonds of Rs.1,000 each -8th series of Indian Railway Finance Corporation Limited	60.00		60.00
50,000 17% Secured Redeemable Non-Convertible Bonds of Rs.1000 each of Mahanagar Telephone Nigam Limited ...	525.84		525.84
— (500)17.25% Secured Redeemable Non-Convertible Bonds, Series X -A of Rs.100,000 each of Nuclear Power Corporation of India Limited	—		500.00
3 15.5% Secured Redeemable Non-Convertible Bonds of Rs.5,00,000 each of Sardar Sarovar Narmada Nigam Limited	15.00		15.00
20 (35) 18% Secured Redeemable Non-Convertible Regular Return Bonds of Rs. 1,00,000 each of Sardar Sarovar Narmada Nigam Limited	20.00		35.00
180 (-) 17% Secured Redeemable Non-Convertible Regular Return Bonds of Rs. 50,000 each of Sardar Sarovar Narmada Nigam Limited	90.00		—
		710.84	1146.84
		30843.24	16305.76
Application Money:			
3,063 (-) Units of Rs. 10/- each of Unit Trust of India Scheme 1964 (under switchover option of Master Gain, 1992)	0.49		0.49
		0.49	0.49
Advance to Ambuja Cements Eastern Limited (Formerly known as Modi Cements Limited)- a subsidiary company, against call money on Equity Shares subscribed as per Rehabilitation Scheme approved by Board for Industrial & Financial Reconstruction.		110.00	—
		30953.73	16306.25

SCHEDULE 'F' - INVESTMENTS (at cost) (Contd.)

	Book value as on		Market Value as on	
	30.06.98 Rs. in lacs	30.06.97 Rs. in lacs	30.06.98 Rs. in lacs	30.06.97 Rs. in lacs
Aggregate amount of Quoted				
Investments	14,485.06	10,512.68	13,061.65 (*)	9,485.43 (*)
Aggregate amount of Unquoted				
Investments	16,358.18	5,793.08		
	30,843.24	16,305.76		

(*) As Quotations are not available, Book Value has been considered as Market Value.

Note :

The following investments were purchased and sold during the year

Name of the Company	Nos.	Purchase Cost Rs. in Lacs	Sale Proceeds Rs. in Lacs
Equity shares:			
Bank of India	164,100	105.21	102.45
Corporation Bank	36,700	29.36	50.58
Croslands Research Laboratories Limited	50,000	119.21	136.80
Mahanagar Telephone Nigam Limited	9,000	19.44	23.50
State Bank of India	50,000	122.55	136.76
Tata Engineering & Locomotive Company Limited	75,000	187.08	187.69
Titan Industries Limited	10,700	6.86	6.91
		As at 30.6.98	As at 30.6.97
		Rs. in lacs	Rs. in lacs

SCHEDULE 'G' - INVENTORIES

(As certified and valued by the Management)

Coal, Packing Materials, Stores and Spare parts-at cost (including in transit Rs. 719.94 lacs; 30.6.97 Rs. 203.10 lacs)		9,659.83	11,855.37
Stock-in-trade :			
Raw materials - at cost (including in transit Rs. 3.68 Lacs; 30.6.97 Rs. 1.53 lacs)	649.62		657.72
Materials-in-process - at cost	3,368.24		3,342.89
Finished goods - at lower of cost or market value	1,356.72		1,517.89
		5,374.58	5,518.50
Construction Scrap - at estimated realisable value		—	24.30
		15,034.41	17,398.17

SCHEDULE 'H' - SUNDRY DEBTORS (Unsecured)

Over six months:

Good		152.24	186.86
Doubtful	30.45		30.45
Less: Provision	30.45		30.45
		—	—
		152.24	186.86
Other, Good		2,014.74	1,438.80
		2,166.98	1,625.66

GUJARAT AMBUJA CEMENTS LIMITED

	Rs. in lacs	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'I' - CASH AND BANK BALANCES			
Cash on hand		13.73	17.75
Cheques on hand with Banks as Collecting Agency in terms of an arrangement		90.06	13.27
Bank Balances:			
With Scheduled Banks :			
In Current Account (Refer note 6 below Schedule-'C')	5,472.76		4,805.18
In Fixed Deposits [Deposit Receipts of Rs.19.45 lacs deposited with Government Departments as Security Deposit (30.6.97 Rs.15.65 lacs) and deposited with banks as security deposit for guarantees Rs.60.40 lacs (30.6.97 Rs.12.40 lacs)] [including accrued interest Rs.4.76 lacs, (30.6.97 Rs.2.16 lacs)]	7,146.88		35.72
In Margin Money deposits	5.86		—
	<u>12,625.50</u>		<u>4,840.90</u>
With Non-Scheduled Banks :			
In Current Account with The Kodinar Taluka Co-operative Banking Union Ltd. [Maximum balance during the year Rs. 0.01 Lac (30.6.97 Rs. 50.01 lacs)]	0.01		0.01
In Fixed Deposit Account with Citizen Co-operative Bank Ltd. [Deposit receipt of Rs.0.01 lac deposited with Government department as security Deposit;30.6.97 Rs.0.01 lac.] (Including accrued interest Rs. 368/- (30.6.97 Rs. 252/-)]	0.01		0.01
In Post Office Savings Account (Including Rs.0.27 Lac; 30.6.97 Rs.0.10 lac, Pass Book of which deposited with Government Department as security)	0.28		0.11
	<u>0.30</u>		<u>0.13</u>
		12,625.80	4,841.03
		<u>12,729.59</u>	<u>4,872.05</u>
SCHEDULE 'J' - OTHER CURRENT ASSETS			
Application Money for Investments in Shares/Bonds	—		100.00
Interest and Dividend Receivable on Investments	342.84		340.73
Other Interest receivable	8.82		62.12
Sundry Receivables	3,764.28		1,046.42
	<u>4,115.94</u>		<u>1,549.27</u>
SCHEDULE 'K' - LOANS AND ADVANCES			
(Unsecured, Good, unless otherwise stated)			
Loans to Subsidiary Companies			
Loan to Ambuja Cement Eastern Ltd. (Secured against second charge on Fixed Assets)	2,066.42		—
Less: Unexpired Finance Charges	<u>1,382.51</u>		—
	683.91		—
Other Loans (includes interest accrued Rs.35.70 lacs;30.6.97 Rs. Nil)	<u>442.38</u>		600.00
		1,126.29	600.00
Loans to Other Companies	185.00		1,826.60
Other Loans	21.17		31.13
Bills Receivable	95.85		52.74
Advances recoverable in cash or in kind or for value to be received Good	<u>2,904.89</u>		<u>2,229.94</u>
Doubtful	3.97		3.97
Less : Provision	<u>3.97</u>		<u>3.97</u>
	—		—
		2,904.89	2,229.94
Carried forward	<u>4333.20</u>		<u>4740.41</u>

	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'K' - LOANS AND ADVANCES (Contd.) (Unsecured, Good, unless otherwise stated)		
Brought forward	4333.20	4740.41
Advances to a Company promoted by the Company	1.50	1.50
Due from Subsidiary Companies	25.28	—
Deposits [including National Savings Certificates and 5 1/2 Year Kisan Vikas Patra Rs.0.57 lac, and Rs.0.02 lac, respectively, deposited with Government Departments as Security (30.6.97 Rs. 0.18 lac and Rs. 0.02 lac respectively)]	1,601.84	1,711.24
Balance with Central Excise, Customs, Port Trusts, etc.	1,042.18	732.91
Tax Paid in Advance, net of Provisions	1,991.72	1,396.38
	8,995.72	8,582.44
SCHEDULE 'L' - CURRENT LIABILITIES AND PROVISIONS		
LIABILITIES		
Acceptances	180.32	—
Sundry Creditors	5,744.42	7,087.81
Unclaimed amount in respect of redeemed Non-Convertible Debentures (Including Rs.58.56 lacs for which claim from Debentureholders yet to be received) (See note 1(b) below Schedule 'C')	88.36	—
Unclaimed Dividends	169.21	381.95
Security Deposits	1,048.47	898.75
Interest accrued but not due on loans	991.13	328.99
	8,221.91	8,697.50
PROVISIONS		
Provision for Corporate Dividend Tax	283.53	194.05
Provision for Wealth Tax, less Payments	12.00	11.00
Provision for Final Dividend for the year on Preference Shares	—	101.65
Proposed Dividends	2835.24	1,838.86
	3,130.77	2,145.56
	11,352.68	10,843.06
SCHEDULE 'M' - MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Project Development and Feasibility Report Expenses	273.20	264.72
Quarry Development Expenses	71.98	81.85
Other Expenditure	40.00	—
	385.18	346.57

GUJARAT AMBUJA CEMENTS LIMITED

	Rs. in lacs	1997-98 Rs. in lacs	1996-97 Rs. in lacs
SCHEDULE 'N' - OTHER INCOME			
Insurance Claims		168.12	333.53
Dividend (Gross, Tax deducted Rs. 7.82 lacs; Previous year Rs.22.73 lacs)			
From Investments in Subsidiary Companies	122.87		4.79
From Other Investments	166.26		141.61
		289.13	146.40
Miscellaneous Income		868.17	480.16
Surplus on Sale of Assets		20.48	2.02
Profit on Sale of Investments, Net		524.12	140.55
Sundry Credit Balances Appropriated		11.17	11.83
Provisions no longer required		167.88	133.55
		<u>2,049.07</u>	<u>1,248.04</u>
SCHEDULE 'O' - VARIATION IN STOCKS			
CLOSING STOCKS			
Materials-in-process	3,368.24		3,342.89
Finished goods	1,356.72		1,517.89
		4,724.96	4,860.78
OPENING STOCKS			
Materials-in-process	3,342.89		1,741.07
Finished goods	1,517.89		499.61
		4,860.78	2,240.68
		(135.82)	2,620.10
LIMESTONE			
Closing Stock	326.73		127.15
Opening Stock	127.15		99.31
		199.58	27.84
LESS : TRIAL RUN STOCKS			
Stock at commencement of Commercial Production at Unit :			
Material in process		—	(155.26)
Increase/(Decrease) in Stocks		<u>63.76</u>	<u>2,492.68</u>
SCHEDULE 'P' - MANUFACTURING EXPENSES			
Raw Materials Consumed		3,235.87	3,002.03
Freight and Handling Charges on Material transferred to other Units		1,541.69	2,467.79
Royalty and Cess		1,696.49	1,217.60
Stores and Spares Consumed		3,817.75	2,824.90
Packing Materials Consumed		4,553.38	4,001.78
Power and Fuel		27,393.52	23,577.66
Repairs and Maintenance			
Buildings	415.19		483.53
Machinery	830.14		705.22
Others	279.09		279.10
		1,524.42	1,467.85
		<u>43,763.12</u>	<u>38,559.61</u>

GUJARAT AMBUJA CEMENTS LIMITED

	Rs. in lacs	1997-98 Rs. in lacs	1996-97 Rs. in lacs
SCHEDULE 'Q' - ADMINISTRATIVE AND SELLING EXPENSES			
Employees' Remuneration and Benefits			
Salaries, Wages, Bonus, Allowances, etc.	2,474.52		2,146.55
Contribution to Provident and other Funds	257.06		195.40
Welfare Expenses	344.78		327.66
		3,076.36	2,669.61
Rent		152.97	125.17
Rates and Taxes		26.07	17.54
Insurance		601.56	559.93
Advertisement & Publicity		946.15	1,080.40
Freight and Forwarding charges		11,375.56	7,666.76
Commission		592.83	454.90
Travel and Conveyance Expenses		933.86	838.93
Turnover, Additional and Purchase Tax		96.13	66.74
Exchange Rate Difference, net		305.38	173.58
Miscellaneous Expenses		3,011.99	2,845.99
Directors' Fees and Expenses		4.93	5.50
Commission to Directors including Managing Director [Refer note 6]		156.66	147.38
Loss on Assets discarded/sold		189.48	76.32
Donations		233.73	206.14
Bad Debts		—	3.38
Sundry Debit Balances and Claims written off		3.18	19.79
Miscellaneous Assets written off		1.10	1.40
Part of Deferred Revenue expenditure, written off		44.88	20.40
Expenses relating to Previous Years		56.99	75.22
		21,809.81	17,055.08

SCHEDULE 'R' - INTEREST AND FINANCE CHARGES

Interest :			
On Debentures and Bonds	3,320.11		1,259.96
On fixed loans	8,847.19		6,643.00
Others	335.10		581.61
		12,502.40	8,484.57
Less : Interest Received : (Gross, Tax deducted Rs.251.78 lacs; 30.6.97 Rs.311.70 lacs)			
On Government Securities	0.03		0.01
On Debentures and Bonds	1,202.97		1,019.90
Others	704.79		560.20
		1,907.79	1,580.11
Interest, Net		10,594.61	6,904.46
Finance Charges	181.76		4.58
Less : Income from Bills Discounting	0.15		27.98
Finance Charges, Net		181.61	(23.40)
		10,776.22	6,881.06

GUJARAT AMBUJA CEMENTS LIMITED**SCHEDULE 'S' - NOTES FORMING PART OF THE ACCOUNTS****1. Significant Accounting Policies :****(a) System of Accounting :**

- (i) Financial statements are based on historical cost.
- (ii) The Company, generally, follows the mercantile system of accounting and recognises income and expenditure on the accrual basis except those with significant uncertainties.

(b) Fixed Assets:

- (i) Fixed Assets are stated at their original cost of acquisition / installation. Fixed Assets are shown net of accumulated depreciation and amortised amount (except freehold land). Modvat availed on capital goods purchased is being credited to Capital Reserve Account.
- (ii) Expenditure incurred on outside technical personnel, after commencement of commercial production for stabilisation of plant and machinery to achieve required parameters is being treated as capital expenditure and the same is being capitalised.
- (iii) Expenditure on account of technological upgradation of Plant & Machinery is considered as additional cost of Assets and capitalised.
- (iv) Capital work in progress is stated at amount expended upto the date of Balance Sheet.

(c) Depreciation and Amortisation : (Other than on Freehold Land)

- (i) Premium on leasehold land is being amortised over the period of lease.
- (ii) Depreciation on all assets except Vehicles is being provided on the "Straight Line Method" in accordance with the provisions of Section 205 (2) (b) of the Companies Act, 1956, and that on Vehicles on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Continuous process plants as defined in the said schedule have been considered on technical assessment and depreciation provided accordingly. Depreciation on additions to fixed assets is being provided on pro rata basis from the month of acquisition or installation and in the case of a new project the same is provided on pro rata basis from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is being provided upto the month in which the said asset is sold, discarded, demolished or scrapped.
- (iii) Cost of Roads, though constructed by the Company ownership of which belongs to Government Authorities, is being amortised at the rates of depreciation specified in Schedule XIV to the Companies Act, 1956.
- (iv) Expenditure on Power Lines, ownership of which belongs to the State Electricity Boards, is amortised over a period of thirty five years.
- (v) Assets of small value and of non-durable nature are written off in the year of purchase.

(d) Expenditure during construction period :

Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are being treated as Pre-operative expenses pending allocation to the assets, and are shown under "Capital Work in progress" and the same are being apportioned on commencement of commercial production.

(e) Investments :

Investments are valued at cost of acquisition. Temporary diminution in the value of investments meant to be held for a long period is not recognised.

(f) Inventories :

- (i) Coal and Stores & Spares are valued at cost on FIFO basis and Packing Material is valued at cost on Monthly Weighted Average rate basis.
- (ii) Raw Materials are valued at cost on Monthly Weighted Average rate basis. Limestone, Marl and Shale raised in own mines are valued at cost. (*)
- (iii) Materials -in-process are valued at cost. (*)
- (iv) Finished Goods are valued at cost (*) or market value whichever is lower. Finished Goods lying outside factory premises are valued inclusive of Excise Duty and freight.
- (v) Trial Run Inventories are valued at direct cost.
- (vi) Goods in transit are stated at cost upto the date of Balance Sheet.
- (*) Cost being full absorption cost (including interest) arrived at on quarterly basis.

(g) Inter Unit Transfers :

Inter-unit transfers of independently marketable products for further processing are being included in respective heads of account at market value to reflect the true working of the respective unit. Any unrealised profit on unsold stock is being eliminated while valuing the inventories.

(h) Foreign Currency Conversion :

Foreign Currency Loan & current liabilities outstanding at the close of the financial year are revalued at the contracted and/or appropriate exchange rates at the close of the year. The gain or loss due to decrease / increase in Rupee liability on account of fluctuations in the rate of exchange is adjusted to the cost of assets, if it relates to acquisition of assets and is charged to Profit & Loss Account in other cases.

(i) Export sales are accounted on the basis of dates of Bills of Lading.**(j) Research & Development Expenditure :**

Expenditure both revenue and capital incurred relating to "Research and Development" activities are accounted under the normal account heads of revenue expenses and fixed assets, as the case may be.

SCHEDULE 'S' - NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(k) Retirement Benefits:

- (i) Retirement benefit in the form of Provident fund and Pension Schemes etc., whether in pursuance of any laws or otherwise is accounted on accrual basis and charged to Profit and Loss Account of the year.
- (ii) Payment for present liability of future payment of gratuity is being made to approved Gratuity fund which fully covers the same under Cash Accumulation policy of Life Insurance Corporation of India.
- (iii) Contribution for the employees covered under Superannuation Scheme of the Company is being made to approved Superannuation Fund which fully covers the same under policy with Life Insurance Corporation of India.
- (iv) The Company has no 'Leave encashment scheme' as a part of 'Retirement Benefits Scheme'. The employees of the Company are entitled to encash their unavailed leave accrued during the course of their employment in accordance with the Company's rules and regulations. The same is therefore accounted on payment basis.

(l) Miscellaneous Expenditure :

The expenditure under the head 'Miscellaneous Expenditure' is being amortised over the period of estimated benefit.

(m) Shares, Debentures and Bonds issue expenses and Premium on Redemption of Debentures:

- (i) Expenses on issue of Shares, Debentures and Bonds for specific projects are being capitalised to the cost of the assets.
- (ii) Expenses on other issues of Shares, Debentures and Bonds are being written off to Share Premium Account.
- (iii) Premium on Redemption of Debentures is being written off to Share Premium Account.

	30.6.98	30.6.97
	Rs. in lacs	Rs. in lacs
2. Contingent liabilities not provided for in respect of :		
i) Uncalled liability on Partly Paid investments	1250.00	14.00
ii) Guarantees given by the Company to Tourism Finance Corporation of India Ltd. for loans given to Ganpati Greenfields Ltd. - a subsidiary company, for Rs.855.00 Lacs, amount outstanding	855.00	855.00
iii) Undertaking given by the Company to Banks for loans given to Hometrust Housing Finance Company Ltd.- a subsidiary company, for Rs.925.00 Lacs, amount outstanding	479.77	395.69
iv) Indemnities given by the Company to Banks for loans given to third parties for Company's business, for Rs.1769.30 Lacs, amount outstanding	1,048.92	1,377.75
v) Claims against the Company not acknowledged as debts	320.96	1,042.62
vi) Tax matters		
a) Disputed Income-tax Demands (including Interest)—matter under appeal.	—	246.89
b) Disputed Sales-tax demands (including interest and penalty) —matter under appeal	223.47	163.39
c) Disputed Excise demands —matter under appeal	97.34	39.65
vii) Disputed liabilities relating to Sales Tax on Royalty and cess on Limestone and Shale for which stay has been granted by Hon'ble High Court of Himachal Pradesh ..	125.16	43.24
viii) Disputed liabilities relating to Premium and Terminal Tax on Coal—matter pending in court.	361.21	361.21
ix) Disputed liabilities relating to Railway Freight on Coal and Cement—Matter decided in favour of the Company by Gujarat High Court against which Railway Authorities have filed Special Leave Petition in the Supreme Court	695.77	695.77
x) Disputed liabilities relating to -Penal freight on excess weight of Coal— matter pending in High Court.	87.99	87.99
xi) Disputed liabilities relating to -Interest on Royalty (Coal) claimed by South Eastern Coalfields Ltd.—Matter pending in High Court	180.00	—
xii) Disputed liabilities relating to Road Tax on certain goods carried by road in Himachal Pradesh under Himachal Pradesh Taxation Act,1991 against which stay has been granted by Hon'ble High Court—Himachal Pradesh	562.96	562.96
xiii) Disputed liabilities relating to Service Tax on Transportation Charges — matter pending in Court	173.70	—
3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	2,065.22	6,199.35
4. Liability for Excise Duty on cement manufactured but not cleared from the factory premises is charged to Profit and Loss Account only at the time of removal. However, the said accounting policy has no impact on the profit for the year. Excise Duty on such stock is estimated at	120.21	159.80

GUJARAT AMBUJA CEMENTS LIMITED

SCHEDULE 'S' - NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	Rs. in lacs	1997-98 Rs. in lacs	1996-97 Rs. in lacs
5. Payment to Auditors :			
(a) Statutory Auditors			
i) As Auditors		13.50	13.50
ii) In other capacity			
a) For Tax Audit		2.25	2.25
b) Certification Work		2.01	1.00
c) Accounting Matters		1.07	1.00
d) Management Services		0.75	1.00
e) Other Services		0.25	—
iii) Reimbursement of Expenses		4.72	4.59
		<u>24.55</u>	<u>23.34</u>
(b) Cost Auditors			
i) As Auditors		0.90	0.90
ii) Reimbursement of Expenses		0.05	0.06
		<u>0.95</u>	<u>0.96</u>
6. (a) Statement showing the computation of Net Profit in accordance with Section 198(1) of the Companies Act, 1956 :			
Profit as per Profit and Loss Account		13,166.28	
Add : Managerial Remuneration	192.29		
Depreciation	10,850.02		
Provision for Taxation	487.00	11,529.31	
		<u>24,695.59</u>	
Less : Depreciation under Section 350 of the Companies Act, 1956.	20,561.29		
Profit on sale of Investments, net	524.12	21,085.41	
Profit on which Commission is payable		<u>3,610.18</u>	
Managing Director's Commission -			
Eligible Remuneration in terms of Section 309 of the Companies Act, 1956		180.51	
Less: Remuneration (excluding commission) paid		25.23	
Balance available for payment of Commission		<u>155.28</u>	
Commission to be paid as determined by the Board of Directors .		<u>131.66</u>	
Directors' Commission in terms of Section 309 of the Companies Act, 1956 @1% on Rs. 3610.18 lacs		36.10	
Maximum as determined by the Board of Directors		<u>25.00</u>	
(b) Managerial Remuneration			
Salaries & Allowances		26.98	29.96
Commission		156.66	147.38
Contribution to Provident & Other Funds		5.53	5.70
Perquisites (Including estimated monetary value Rs.1.63 lacs; Previous year Rs.1.40 lacs)		4.75	8.94
		<u>193.92</u>	<u>191.98</u>

SCHEDULE 'S' - NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	1997-98		1996-97	
	MT	Rs. in lacs	MT	Rs. in lacs
7. Licensed & Installed Capacity, Production, stocks and Turnover :				
Class of Goods - Cement				
i) Licensed Capacity (see Note "a")	700,000		700,000	
ii) Installed Capacity (see Note "b")	5,000,000		5,000,000	
iii) Production	5,049,151		4,102,892	
iv) Stocks :				
Opening	100,696	1,517.89	34,679	499.61
Closing	85,446	1,356.72	100,696	1,517.89
v) Turnover (see Note "c")				
Cement	5,063,937	113,120.80	4,036,511	91,372.26
Clinker	—	—	56,137	777.19
		113,120.80		92,149.45
vi) Shortages, Samples and Handling Loss, etc.	464		364	
Notes :				
a) The Company's product is exempt from Licensing requirements under New Industrial Policy in terms of Notification No. S.O.477(E) dated 25th July, 1991.				
b) As certified by the management and being a technical matter accepted by Auditors as correct.				
c) Includes Self Consumption 17920 MT (Previous Year 39766 MT) at market value for Capital and Revenue jobs.				
8. Raw Materials consumed -Indigenous				
i) Limestone and clay				
Raised by the Company	6,521,658		5,524,347	
Purchased	69,945	51.75	56,887	41.73
ii) Gypsum	262,505	1,396.98	230,113	1,343.38
iii) Laterite	28,447	46.81	11,624	19.58
iv) Silica	111,174	269.06	59,308	143.83
v) Iron ore	32,816	349.89	38,621	425.70
vi) Others		1,121.38		1,027.81
		3,235.87		3,002.03
	Rs. in lacs	Percentage	Rs. in lacs	Percentage
9. Imported & Indigenous Spare Parts Consumed				
i) Imported	371.07	17.45	220.14	14.75
ii) Indigenous	1,755.92	82.55	1,272.72	85.25
	2,126.99	100.00	1,492.86	100.00
			1997-98	1996-97
			Rs. in lacs	Rs. in lacs
10. CIF Value of imports				
(i) Capital Goods			5,518.39	727.02
(ii) Spares			692.51	738.64
11. Expenditure in Foreign currency :				
Technical fees (Net of tax)			84.77	153.84
Interest			1,236.76	685.82
Travelling Expenses			74.31	69.87
Other Matters			612.61	161.68

GUJARAT AMBUJA CEMENTS LIMITED

SCHEDULE 'S' - NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	1997-98 Rs. in lacs	1996-97 Rs. in lacs
12. Remittances in Foreign Currency :		
on account of dividend to Non-resident shareholders		
(a) Final Dividend		
No. of shareholders	209	243
No. of Equity Shares	161,065	212,194
Amount remitted, net of tax(Rs. in lacs)	4.03	8.79
Year to which it pertains	1996-97	1995-96
(b) Interim Dividend		
No. of shareholders	220	233
No. of Equity Shares	201,635	208,291
Amount remitted, net of tax(Rs. in lacs)	5.04	4.31
Year to which it pertains	1997-98	1996-97
13. Earnings in Foreign Currency :		
a. F.O.B Value of Exports	8,136.86	8,286.38
b. Dividend	97.88	—
c. Interest	162.97	—
d. Other Income	70.98	55.23
14. Total Exports during the year -		
Exports in foreign currency (including freight Rs.258.41 lacs, previous year Rs.96.70 lacs)	8,395.28	8,383.08
15. Increase/(Decrease) in Trial Run Stock:		
Closing Stock on completion of Trial Run		
Materials in Process	—	155.26
Reduced from the Trial Run expenses which are capitalised as cost of Assets of the Unit	—	155.26
16. The Company's Financial Year for the purpose of compliance with the provisions of the Companies Act, 1956 ends on 30th June, as against the 'Previous Year' for tax purposes, which ends on 31st March. The Company does not expect taxable income for the Previous Year (i.e. 1.4.97 to 31.3.98) relevant to the Assessment Year 1998-99, but provision for Taxation has been made in the Accounts towards Minimum Alternate Tax Payable in accordance with provision of Section 115 JA of the Income-tax Act, 1961 for said period. The income, if any, for the period from 1st April, 1998 to 30th June, 1998 forming part of the annexed Accounts, will be assessed as a part of the composite income relevant to the Assessment Year 1999-2000, viz. for the Income Tax Previous Year ending on 31st March, 1999. As a result, the tax liability, if any, in respect of assessable income of the said three months, cannot be quantified at present and hence, no provision is made therefor.		
17. Borrowings by way of issue of Commercial Papers -		
Amount outstanding at the close of the year Rs.Nil		
Maximum during the year Rs. 3,500.00 lacs		
18. As per the accounting Policy consistently followed by the Company, interest continues to be included while arriving at the cost of the Materials in Process and Finished Goods for inventory valuation purpose.		
19. Unpaid amount due as on 30th June, 1998, to Small Scale and/or Ancillary Industrial suppliers on account of principal amount together with interest aggregating to Rs.0.15 lac (Previous year Rs 0.63 lac). This disclosure is based on the information available with the Company regarding the status of the suppliers as defined under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993."		
20. Bank balances in current account include Rs.Nil(Previous year Rs. 2743.58 lacs) being unutilised money raised by issue of Debentures on Private placement basis for Capital Project. Interest amounting to Rs.Nil (Previous year Rs.279.61 lacs) relating to said funds is included under "Capital Work in Progress".		
21. Figures less than Rs.500/- have been shown at actuals wherever statutorily required to be disclosed as the figures have been rounded off to the nearest thousand.		
22. The figures of the previous year have been regrouped wherever necessary.		

	'Signatures to Schedules 'A' to 'S'	For and on behalf of the Board
For and on behalf of DALAL & SHAH Chartered Accountants	For and on behalf of CHATURVEDI & COMPANY Chartered Accountants	Suresh Neotia Vinod Neotia M. T. Patel N. N. Pai M. L. Bhakta Nimesh Kampani Harshavardhan Neotia O. V. Bundellu Bodhishwar Rai Narotam Sekhsaria Pulkit Sekhsaria
Y. C. Amin Partner	V. B. Chaturvedi Partner	Chairman
	B. L. Taparia Company Secretary & Chief Financial Controller	Directors
Mumbai, 20th August, 1998		Managing Director Whole-time Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 1998

(Pursuant to the Listing Agreement with Stock Exchanges)

	Rs. in lacs	1997-98 Rs. in lacs	1996-97 Rs. in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES			
NET PROFIT BEFORE TAX AND EXTRAORDINARY ACTIVITIES		13,653.28	13,549.36
Adjustment for:			
Depreciation & Amortization	10,850.02		8,116.39
Surplus on sale of assets	(20.48)		(2.02)
Loss on sale of assets	189.48		76.32
Part of deferred revenue expenditure, written off	44.88		20.40
Exchange rate difference	305.38		173.58
Profit on sale of investments	(524.12)		(140.55)
Interest	10,776.22		6,881.06
Dividend	(289.13)		(146.40)
		21,332.25	14,978.78
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		34,985.53	28,528.14
Adjustment for:			
Trade and other receivables	(4,909.95)		(2,192.73)
Inventories	2,363.76		(4,569.27)
Trade Payables	(924.99)		493.83
Miscellaneous Expenditure	(83.49)		(31.19)
		(3,554.67)	(6,299.36)
CASH GENERATED FROM OPERATIONS		31,430.86	22,228.78
Interest and Finance Charges paid	(12,022.02)		(8,478.81)
Direct Taxes paid	(406.97)		(4.17)
Exchange rate difference	191.42		(58.58)
		(12,237.57)	(8,541.56)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		19,193.29	13,687.22
Extraordinary Items		—	—
NET CASH FROM OPERATING ACTIVITIES		19,193.29	13,687.22
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(20,964.25)		(28,118.91)
Sale of Fixed Assets	503.89		313.93
Sale of Investments, Loans & Advances	(12,960.87)		(5,697.67)
Interest received	1,959.13		1,478.97
Dividend and Income from Units received	289.13		150.00
NET CASH USED IN INVESTING ACTIVITIES		(31,172.97)	(31,873.68)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Share Capital including share premium	7,007.03		20.64
Premium on redemption of Debentures and Shares Issue expenses	(22.46)		—
Total proceeds from borrowings (Net of Repayments)	17,696.31		26,736.82
Subsidy received	4.80		—
Dividend paid	(4,848.46)		(5,590.41)
NET CASH FROM FINANCING ACTIVITIES		19,837.22	21,167.05
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		7,857.54	2,980.59
CASH AND CASH EQUIVALENTS AS AT 1.7.97 (Opening Balance)		4,872.05	1,891.46
CASH AND CASH EQUIVALENTS AS AT 30.6.98 (Closing Balance)		12,729.59	4,872.05

For and on behalf of the Board

B. L. Taparia
Company Secretary &
Chief Financial Controller

Suresh Neotia	}	Chairman
Vinod Neotia		
M. T. Patel		
N. N. Pai		
M. L. Bhakta		
Nimesh Kampani		Directors
Harshavardhan Neotia		
O. V. Bundellu		
Bodhishwar Rai		
Narotam Sekhsaria		Managing Director
Pulkit Sekhsaria	Whole-time Director	

Mumbai, 20th August, 1998

GUJARAT AMBUJA CEMENTS LIMITED

AUDITORS' CERTIFICATE

To,
The Board of Directors
Gujarat Ambuja Cements Ltd.
Mumbai

We have examined the attached Cash Flow Statement of Gujarat Ambuja Cements Ltd. for the year ended 30th June, 1998. The Statement has been prepared by the Company in accordance with the requirement of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report of 20th August, 1998 to the members of the Company and reallocation required for the purpose are as made by the Company.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Y. C. Amin
Partner
Mumbai, 20th August, 1998

For and on behalf of
CHATURVEDI & COMPANY
Chartered Accountants

V. B. Chaturvedi
Partner

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details				
	Registration No.	4717	State Code	04	
	Balance Sheet Date	30.6.98			
II.	Capital Raised during the Year (Amount in Rs. Thousands)				
	Public Issue	—	Rights Issue	99	
	Bonus Issue	—	Private Placement	—	
	Conversion of Foreign Currency	—			
	Convertible Bonds	—	Preference Share Issue	1000000	
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)				
	Total Liabilities	21464978	Total Assets	21464978	
	Sources of Funds				
	Paid-up Capital	1735484	Reserves & Surplus	9044905	
	Share Application Money	—	Secured Loans	8311728	
	Unsecured Loans	2372861			
	Application of Funds				
	Net Fixed Assets	15162091	Investments	3095373	
	Net Current Assets	3168996	Misc. Expenditure	38518	
	Accumulated Losses	—			
IV.	Performance of Company (Amount in Rs. Thousands)				
	Turnover	11309593	Total Expenditure	10301259	
	Profit before Tax	1365328	Profit after Tax	1316628	
	Earning per Share in Rs.	16.86	Dividend Rate % (Equity Shares)	60%	
V.	Generic Name of Principal Product of the Company				
	Item Code No. (ITC Code)	252329.01			
	Product Description	Other Grey Portland Cement			

For and on behalf of the Board

B. L. Taparia
Company Secretary &
Chief Financial Controller

Suresh Neotia	}	Chairman
Vinod Neotia		
M. T. Patel		
N. N. Pai		
M. L. Bhakta		
Nimesh Kampani		Directors
Harshavardhan Neotia		
O. V. Bundellu		
Bodhishwar Rai		
Narotam Sekhsaria		Managing Director
Pulkit Sekhsaria	Whole-time Director	

Mumbai, 20th August, 1998

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary	Financial Year of the Subsidiary Company ended on	Holding Company's interest		The Net aggregate amount of subsidiary's Profit/Losses so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts		The Net aggregate amount of the Subsidiary which has been dealt with in the accounts of the Holding Company	
		No. of Equity Shares	Percentage of Holding	For the Current Financial year	For the previous Financial year since it became Subsidiary	For the Current Financial year	For the previous Financial year since it became Subsidiary
Ambuja Cement Eastern Limited * (Formerly known as Modi Cement Limited)	30th June, 1998	16,60,57,827 Equity Shares of Rs. 10 each	93.55%	Rs.(-) 6038.00 lacs	Not applicable	Not applicable	Not applicable
Hometrust Housing Finance Company Limited	31st March, 1998	99,99,300 Equity Shares of Rs. 10 each	99.99%	Rs.138.50 lacs	Rs. 161.01 lacs	Nil	Rs. 35.00 lacs
Ganpati Greenfields Limited	31st March, 1998	34,38,470 Equity Shares of Rs. 10 each	98.24%	Rs.27.71 lacs	Rs.35.23 lacs	Nil	Nil
GACL Finance Limited	30th June, 1998	4,79,500 Equity Shares of Rs.10 each	99.89%	Rs. 25.83 lacs	Rs. 72.61 lacs	Nil	Rs. 22.18 lacs
Concrete Investments Limited	30th June, 1998	4,79,475 Equity Shares of Rs.10 each	99.89%	Rs.(-) 4.60 lacs	Rs. 18.06 lacs	Nil	Rs. 12.46 lacs
Indo-Nippon Special Cements Limited	30th June, 1998	2,99,950 Equity Shares of Rs.10 each	99.98%	Rs. 0.21 lacs	Rs. 20.46 lacs	Nil	Nil
Cement Ambuja International Limited	30th June, 1998	2,70,000 Ordinary shares of USD 10 each	100.00%	USD 2.88 lacs	USD 2.53 lacs	Nil	USD 2.70 lacs
Midigama Cements (Private) Limited * *	31st March, 1998	43,75,000 Ordinary Shares of SLRD 10 each	99.99%	Not applicable	Not applicable	Not applicable	Not applicable

Notes :

* This became subsidiary w.e.f. 30th January, 1998.

* * This became subsidiary of Cement Ambuja International w.e.f. 21st April, 1998.

B. L. Taparia
Company Secretary &
Chief Financial Controller

Mumbai, 20th August, 1998

For and on behalf of the Board

Suresh Neotia
Vinod Neotia
M. T. Patel
N. N. Pai
M. L. Bhakta
Nimesh Kampani
Harshavardhan Neotia
O. V. Bundellu
Bodhishwar Rai
Narotam Sekhsaria
Pulkit Sekhsaria

Chairman

Directors

Managing Director
Whole-time Director

AMBUJA CEMENT EASTERN LIMITED (Formerly known as Modi Cement Limited)**DIRECTORS' REPORT**

To the Members,

The Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Statement of Accounts of the Company for the period ended 30th June 1998.

FINANCIAL RESULTS

Company's Corporate Financial Year has been changed from April-March to July-June. The operating results as under are, therefore, for 15 month period from 1st April 1997 to 30th June 1998:-

	Current Period (15 months) (Rs.in lacs)	Previous Year (12 months) (Rs.in lacs)
Sales	12004.56	18467.94
Operating Loss before interest and depreciation	3768.12	2014.83
Interest & Finance charges	1010.77	5866.62
Gross Loss	4778.89	7881.45
Depreciation	1674.40	1315.66
Loss before Taxation	6453.29	9197.11
Provision for Wealth-tax	1.01	0.71
Net Loss after Taxation	6454.30	9197.82
Add/(Less):		
Adjustments for previous year	—	2907.40
Investment Allowance Reserve written back	(2788.17)	2788.17
Extraordinary items:		
Waiver of interest pursuant to BIFR scheme	(18543.33)	—
Mineral Area Development Cess	—	541.04
Loss brought forward from previous year	32913.15	17478.72
Capital Reduction pursuant to BIFR Scheme	(3435.14)	—
Loss carried forward	14,600.81	32,913.15

SANCTION OF REHABILITATION SCHEME**Gujarat Ambuja Cements Limited - Co-promoter**

The year assumes significance for the Company. The scheme for Rehabilitation was sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) in November 1997. Gujarat Ambuja Cements Limited was inducted as Co-promoter for revival of the Company. The Board of Directors was reconstituted and the new management assumed charge in December 1997. Shri Harshavardhan Neotia was appointed as Managing Director in place of Dr. D.K.Modi.

Pursuant to the BIFR Scheme, Gujarat Ambuja has subscribed for 16.6 crore equity shares of the face value of Rs.10 each at par aggregating to Rs.166 crores. Out of this, Rs.154.60 crores have been inducted till date by Gujarat Ambuja amounting to its shareholding in present share capital of the Company to over 93%. Accordingly, Gujarat Ambuja has become our holding company.

The name of the Company has been changed from Modi Cement Limited to its present name viz. Ambuja Cement Eastern Limited.

Gujarat Ambuja has extended its support on all the fronts viz. Technical, Financial, Management, Marketing etc. for the earliest revival of the Company.

RE-STARTING THE PLANT

When the new management took charge of the affairs of the Company, the plant was lying closed for more than three months on account of paucity of funds.

The team of engineers and the workmen as well as the staff of all the other disciplines worked round the clock in putting all the facilities and resources in place for restarting the plant. Within just two weeks, our team restarted the plant during last week of December 1997. Requisite support was extended by Gujarat Ambuja for restarting the plant.

Since then production has fairly stabilised. However, due to poor offtake of cement, the plant has not run at its full capacity so far.

CURRENT OPERATIONS & STRATEGY FOR QUICK REVIVAL

Cement market during the period under report has been extremely sluggish. Supply was far in excess of demand in all the Company's markets. Competition was intense and prices remained depressed for most of the period. In addition, plant was closed for nearly

four months during the current year. As a result, the production as well as sales were low as under:

	Current Period (15 months)	Previous Year (12 months)
Production		
Cement (lac MT)	6.15	9.24
Clinker (lac MT)	6.03	8.86
Sales(Cement & Clinker) (Including exports)		
Quantity (lac MT)	5.95	9.64
Value (Rs.in crores)	120.04	184.68

A fresh look is being given to the marketing strategies duly backed up by an exhaustive advertising campaign. Dealers and Stockists network is being strengthened. The existing systems of transportation and distribution of cement are being made cost effective. This exercise is being done under the guidance of Gujarat Ambuja who are pioneer in transportation, distribution and marketing in order to increase the market share, improve the realisation and reduce costs.

To achieve higher sales volumes as well as to improve realisation, Gujarat Ambuja has licensed its brand "Ambuja Cement" to the Company for sale of cement. The brand "Ambuja Cement" is registered under the Trade Marks and Copyrights Law in India. This brand is well-known for its quality and enjoys premium in all its home markets. We have launched our cement under the brand "Ambuja Cement" from February 1998. Response to its new brand is encouraging. The sales are picking up gradually since then. However, reaching the fair share in the market will take some time.

Simultaneously, our technical team in close co-ordination with Gujarat Ambuja, is busy identifying all the areas of the plant process where further improvements are feasible. These when implemented would result in higher operational efficiencies, higher productivity and saving in cost, the area of another major concern.

PRESENT CEMENT SCENARIO AND FUTURE PROSPECTS

The growth of demand for cement continued at 8.5% in the year 1997-98. However, the surplus scenario has continued with the total capacity of over 100 million tonnes as against the demand of 74 million tonnes. The result - intense competition is going to remain in the current year as well as in the near future. On the other hand, the costs of major inputs viz. power, coal, freight have increased substantially during the year adding its pressure on margins.

Government in its recent budget has given significant emphasis on the development of infrastructure and housing sector. The implementation of the Government policies on these areas will boost the cement demand in future. We foresee better opportunities ahead for the cement industry albeit with a highly competitive environment.

THE BIFR SCHEME - IMPLEMENTATION

The rehabilitation scheme sanctioned by BIFR has been implemented as under:-

- The equity share capital of the Company of Rs.45.80 crores outstanding at the time of sanction of the Scheme has been reduced by 75% to Rs.11.45 crores.
- Out of the total equity share capital of Rs.166 crores to be brought in by Gujarat Ambuja, a sum of Rs.154.60 crores have already been brought in. The balance will be brought in as and when required by the Company.
- The Company has repaid 2/3rd of its secured term loans amounting to Rs.126 crores to Financial Institutions, Banks and International Finance Corporation. The balance amount is repayable over seven years without interest.
- The Financial Institutions, Banks and International Finance Corporation have waived the entire outstanding interest on term loans and other charges aggregating to Rs.185.43 crores.
- The cement industry went into further recession after the rehabilitation package was submitted by IDBI to BIFR. The Company envisaged various reliefs and concessions from the Government of Madhya Pradesh (GOMP) and made submissions before the Hon'ble Bench. The Hon'ble Bench was kind enough to recommend to GOMP for due consideration. The reliefs and concessions are under active consideration of GOMP and we expect that they shall sanction the same soon.

DIRECTORS

Dr. Kedar Nath Modi, Shri Gian Prakash, Dr. Krishan Behari Lall, Shri Dinesh Chandra Rastogi, Shri Shashi Kumar Nair, Shri Ashok Kumar (Additional Director), Brig. Ram Narayan (Retd.) (Additional Director) and Shri Mohit Modi (appointed as Director to fill the casual vacancy caused by resignation of Shri Mahendra Kumar Modi in the previous year) have resigned from Directorships during the year. The Directors place on record their appreciation for the valuable services rendered by all the above Directors.

Shri S.K.Sekhsaria, Shri Harshavardhan Neotia and Shri Pulkit Sekhsaria were appointed as Directors in place of Dr. Krishan Bihari Lall, Shri Gian Prakash and Shri Dinesh Chandra Rastogi, respectively to fill the casual vacancies caused by their resignations.

AMBUJA CEMENT EASTERN LIMITED (Formerly known as Modi Cement Limited)

Shri S.K. Neotia, Shri P.B. Kulkarni, Shri B.L. Taparia, Shri A.C. Singhvi and Shri S.K. Dewan were appointed as Additional Directors by the Board during the year. In terms of the provisions of the Companies Act, 1956 these five Directors will hold office only upto the date of the ensuing Annual General Meeting. Being eligible, all of them have offered themselves for appointment. The Board recommends their appointment.

Dr Devendra K. Modi, resigned as Managing Director during the year. However, he continues to be a Director of the Company. Shri Harshavardhan Neotia was appointed as Managing Director, in his place and approved by the shareholders at the Extraordinary General Meeting of the Company held on 23rd February, 1998.

Nominations of Shri Ashok Kumar Doda (nominee-IDBI), Shri K.K. Taneja (nominee-ICICI), Shri Narendra Nath Joshi (nominee- LIC), Shri R. Roy (nominee-GIC), Shri Bhupendra Chandra Jain (nominee-UTI) and Shri Nath Mal (nominee-SBI) have been withdrawn by the respective institutions. The Directors place on record their appreciation for the valuable services rendered by all the above Directors.

Dr Devendra K. Modi and Shri S.K. Sekhsaria, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

FIXED DEPOSITS

Company has not received any Fixed Deposit from the shareholders/ public during the period under review.

AUDITORS

Note No. 15 and 19(F) to the Accounts as referred in the Auditors' report are self-explanatory and, therefore, do not call for any further comments or explanations.

M/s Lodha & Co., Auditors of the company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. You are requested to re-appoint the Auditors and fix their remuneration.

Pursuant to the BIFR Scheme, M/s. G.P. Agarwal & Co. were appointed as Concurrent Auditors to report to the Monitoring Agency -IDBI.

M/s. Bahadur Muraa & Co., Cost Accountants, have been appointed as Cost Auditor of the company for the year 1998-99.

ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto marked Annexure - I and forms part of this report.

EMPLOYEES

Information required to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 is annexed hereto marked Annexure - II and forms part of this report.

ACKNOWLEDGEMENT

We take this opportunity to express our deep sense of gratitude to Financial Institutions, International Finance Corporation and Bankers in consortium under the lead of State Bank of India for their sacrifices and support in revival of the Company.

We are especially grateful to the Government of Madhya Pradesh for their continued support and guidance and further for their favourably considering the reliefs and concessions necessary for the revival of the Unit.

Our gratitude also goes to the Board for Industrial and Financial Reconstruction for expediting the process of revival.

We express our grateful appreciation and sincere thanks to various departments of Central and State Governments and Local Authorities.

We place on record our sincere appreciation of the total commitment, dedication and hard work put in by all the employees of the Company.

For and on behalf of the Board

B. L. Taparia
Director

Harshavardhan Neotia
Managing Director

Mumbai, 19th August, 1998

ANNEXURE - I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE BOARD OF DIRECTORS' REPORT) RULES, 1988

A) CONSERVATION OF ENERGY**a) Energy Conservation Measures taken :**

1. Continuous leakage monitoring is being done and proper corrective action is being taken to reduce power and fuel consumption.
2. High capacity motors replaced by low capacity motors.
3. Direct drive of cooler fans wherever feasible.
4. Reducing the speed of blowers & cooler fans.
5. Installation of fluid coupling in cement mill E.S.P. fan.
6. Modification of compressed air line to optimize the consumption of compressed air by rescheduling the airflow distribution.
7. Optimization of cement grinding to reduce power consumption.
8. One average grade stockpile made for limestone to reduce the power consumption and consistent quality of raw meal.
9. Krammer control of E.S.P. fan to reduce power consumption.
10. Use of high grade coal to reduce the running hours of coal mill.
11. With the help of Preventive Maintenance System (PMS) audit, breakdown has reduced thereby reducing power consumption.
12. Dip tube installed in preheater cyclone to reduce the power consumption.

b) Additional investments and proposals being implemented for conservation of energy.

1. Variable Voltage Frequency (VVF) controllers in cooler fans.
2. Dip tube installation in the 1st stage of preheater cyclone.
3. Water spraying in preheater fan inlet duct and cooler cyclone inlet duct.

4. Flat belt drive in place of V belt drive in rotary blower.
 5. Flat glass Reinforced Plastic (FRP) Blades for cooling tower fans to reduce power consumption.
 6. Single flap to double flap valves in preheater cyclone to reduce the energy consumption.
 7. Use of Refrathera bricks to reduce coal consumption.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production of goods :
Measures referred in (a) and (b) above will result in saving of Rs.95 lacs approximately per year on account of Power and Fuel cost.
- d) Total energy consumption and energy consumption per unit of production :
Information given in the prescribed Form - A annexed.

B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption are given in prescribed Form - B annexed.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO**a) Activities relating to exports; initiative taken to increase exports; development of new export markets for products and services; and export plans :**

During the year, Company has developed new customers in existing export markets and given thrust to exports. As a result of these initiatives, Company's exports during this year has increased to Rs.504.96 lacs (FOB) as against Rs.25.82 lacs (FOB) in the previous year. In terms of quantity, the export during the year was 27549 MT against 1650 MT in previous year. Quality of the company's cement has been well accepted.

b) Total Foreign Exchange used and earned :

	1997-98	1996-97
	Rs. in lacs	Rs. in lacs
Used*	7.01	1.49
Earned	504.96	25.82
(*excluding repayment of term loan of Rs.4132.85 lacs, Previous Year Nil).		

AMBUJA CEMENT EASTERN LIMITED (Formerly known as Modi Cement Limited)**ANNEXURE - II**

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR FINANCIAL YEAR ENDED 30TH JUNE, 1998.

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Experience	Date of Commencement of Employment	Last Employment
A) Employed throughout the Financial Year						
Agarwal R. P. (54)	Vice President (Project)	4,34,902	B. Tech	30	01.07.84	Kanoria Chemicals & Ind. Ltd., (C.E. Mechanical)
Dhamija G. S. (50)	Asst. Vice President (Marketing)	4,37,720	B.Sc.	31	08.10.90	Bombay Tyres International, District Manager
Iyer S. Tilak (53)	Asst. Vice President (Marketing)	4,67,635	B.A.	21	28.03.97	J.P. Rewa Cement, Sr. Sales Manager
Nathmal (59)	Nominee Director (SBI)	5,39,873	M.Com	35	18.12.96	SBI (Nominee) on Deputation
Thirani O. P. (53)	President (Works)	7,46,565	B.E. (Elect.)	29	03.06.95	Nova Iron & Steel Co. Ltd., (V.P. Works)
B) Employed for the part of the Financial Year (Drawing not less than Rs. 25,000/- per month)						
Asthana A. K. (42)	Vice President (Costing & Finance)	3,64,625	B.Com., ICWA	18	13.12.93	Phoenix International, G.M. Project (Finance)
Chouksey Y. G. (62)	Sr. Vice President (Pers. & Admn.)	1,41,749	M.Sc., LLB, DSW	35	06.04.91	SAIL, Director (Pers.)
Cursetji R. M. (50)	Sr. Vice President (Marketing)	2,54,937	B.A. (Hons), PGDBM	27	21.01.98	Grasim Cement, Sr. V.P. (Marketing)
Dhawan Rakesh (32)	Manager (Commercial)	2,12,755	B.Sc. (Engg.), PGDBM	8	28.05.91	Photonics (P) Ltd, Manager Marketing
G. Rajkumar (42)	E.S. to CMC & MD (Secretarial)	3,43,282	S.S.L.C	24	09.10.90	Modi Alkalies & Chemical Ltd., Personnel Secretary
Jain U. C. (67)	Executive Director (Works)	4,17,753	M.Sc.	42	05.09.88	Vikram Cement, Chief Executive (Project)
Kapoor Gurjeet (35)	Dy. General Manager (EDP)	2,27,493	B.Sc., BP (Comp)	15	20.09.85	Computronics India (P) Ltd, Programmer
Kalidas R. (43)	Asst. Company Secretary	1,00,275	B.Com., FCS, MBA	19	01.04.98	Mocmet India Ltd., G.M. (Finance)
Kaushik M. (32)	General Manager (Marketing)	3,26,303	B.Sc., PGDBM	11	18.03.87	—
Kaushik S. P. (55)	Sr. General Manager (Commercial)	84,553	M.Sc. (Engg), AISM	32	01.04.98	Abhinav Herbovedics Ltd, Director (Comm. & Mktg.)
Rastogi D. C. (57)	Company Secretary	6,51,387	M.Com., FCS	32	17.06.82	Modi Rubber Ltd., Finance Executive
Rustogi S. C. (50)	Joint President (Commercial)	6,53,474	B.Com., FCA	25	01.02.89	Modi Rubber Ltd., Controller (Accounts)
Sengupta U. K. (52)	Joint Vice President (T.C. & R.O.C)	4,72,824	B.Sc.	31	23.08.85	Coromandal Fertilizers Ltd., Cement Plant, Chief Chemist
Singh Atul Kumar (32)	General Manager (International Operation - Export)	2,59,129	B.Com., PGDBM	9	01.11.90	Haryana Distillery, Executive

NOTES :

1. Remuneration above includes Salary, Ex-gratia, Company's Contribution to Provident Fund, House Rent Allowances, Expenses incurred by the company on residential accommodation, Leave Travel Assistance, Fees to Professional Institutes, Club Fees, Superannuation, Leave Encashment, Gratuity and other facilities etc.
2. All appointments are non-contractual.
3. None of the employees is a relative of any Director of the company.
4. None of the employees by himself or alongwith his spouse and dependent children holds 2% or more of the Equity Capital of the company.

AMBUJA CEMENT EASTERN LIMITED (Formerly known as Modi Cement Limited)**FORM - A**

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

(A) POWER AND FUEL CONSUMPTION

	Current Year 1997-98 (15 Months)	Previous Year 1996-97 (12 Months)
1. Electricity		
a) Purchased		
Unit (lac - KWH)	574.50	873.34
Total Amount (Rs. in Lacs)*	2694.01	3584.11
Rate/Unit(Rs.) @	4.69	4.10
b) Own Generation		
i) Through Diesel Generator		
Net units (lac - KWH)	135.04	155.71
Units/Ltr. of LDO/FURNACE OIL (KWH)	2.83	2.49
LDO/FURNACE OIL Cost/ Unit Generated (Rs./KWH)	2.79	3.45
ii) Through Steam Turbine/Generator		
Units	Nil	Nil
Units/Ltr. of Fuel	Nil	Nil
Oil/Gas Cost/Unit	Nil	Nil
2. Coal (A, B, C & D Grade)		
Quantity (Million K. Cal)	504797	708235
Total Cost (Rs.in Lacs)	1456.23	1916.05
Average Rate (Rs./Million K. Cal)	288.47	270.54
3. Light Diesel Oil/High Speed Oil		
Quantity (K. Ltr.)	456	1592
Total Cost (Rs. in Lacs)	48.87	136.12
Average Rate (Rs./K. Ltr)	10717	8548
4. Others/Internal Generation		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil

(B) CONSUMPTION PER UNIT OF PRODUCTION

	Industry Norms	Current Year	Previous Year
Electricity (KWH/T of Cement)**	110-115	106	108
LDO/HSD (Ltr./T of Clinker)	N.A.	0.76	0.47
Coal (K.Cal/Kg of Clinker)	850	837	799

* Does not include Rs.932.30 lacs pertaining to the period when the power supply was disconnected and plant was closed as well as surcharge and penalty levied by MPSEB.

** Does not include Electricity consumed in Township which is 1.57 KWH/T of Cement (Previous Year 1.05 KWH/T of Cement).

@ The higher per unit rate is due to lower consumption of Power as compared to contract demand.

FORM - B

(See rule 2)

Form for disclosure of particulars with respect to Absorption

A. RESEARCH AND DEVELOPMENT (R & D)

- Specific areas in which R & D carried out by the Company :
 - With the help of R & D work new product - 53 Grade OPC & equivalent grade of Portland Slag Cement (PSC) successfully launched.
 - By optimizing process parameters, cement production enhanced.
 - Pollution control measures taken by regular monitoring of ESP's performance. Ambient air quality of plant premises improved.
- Benefits derived as a result of the R & D :
Improved product quality, stable and consistent process performance.
- Future plan of actions :
 - Evaluation of blast furnace granulated slag for increasing its usage in blended cement.
 - Utilisation of furnace oil sludge as fuel.
- Expenditure on R & D :

	Current Year (15 Months) (Rs. in lacs)	Previous Year (12 Months) (Rs. in lacs)
a) Capital Expenditure	Nil	Nil
b) Recurring Expenditure	9.00	14.54
c) Total Expenditure	9.00	14.54
d) Total R & D Expenditure as a percentage of total turnover	0.07%	0.08%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts, in brief, made towards technology absorption, adaptation and innovation :
The technology has been fully absorbed. Company's personnel from operations, maintenance & development activities were deputed for seminars and training.
- Benefits derived as a result of the above efforts :
Improved quality and productivity and cost reduction due to saving of thermal and electrical energy.
- Information regarding technology imported during last 5 years:
 - Technology imported :
 - Close circuiting of cement mill with high efficiency separator, (O'sepa) from M/s. Fuller KCP
 - CEGELEC PLC - C 350 installed 3 operator station & 1 Engineer station.
 - Year of import :
 - 1993
 - 1993
 - Has the technology been fully absorbed : Technology has been fully absorbed
 - If not fully absorbed, areas where this has not taken place, reasons therefor, and future plan of action : Not Applicable

AMBUJA CEMENT EASTERN LIMITED (Formerly known as Modi Cement Limited)**AUDITORS' REPORT**

TO THE MEMBERS OF AMBUJA CEMENT EASTERN LIMITED
(Formerly known as Modi Cement Ltd.)

We have audited the attached Balance Sheet of Ambuja Cement Eastern Limited (formerly known as Modi Cement Limited) as at 30th June, 1998 and also the Profit & Loss Account of the Company for the period (15 months) ended on that date, annexed thereto and we report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
3. The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
4. In our opinion and to the best of information and according to the explanations given to us, the said accounts subject to Note No.15 regarding balance of Sundry Debtors, Sundry Creditors, Secured Loans, Advances Recoverable, Deposits etc., are subject to confirmation, Note No.20 (f) regarding non-accounting of certain reliefs and concessions pursuant to BIFR order, and read with other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) in case of Balance Sheet, of the state of affairs of the Company as at 30th June, 1998; and
 - ii) in case of Profit & Loss Account, of the Loss of the Company for the period (15 months) ended on that date.
5. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further report that:
 - i) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets except Fixed Assets register of Plant and HO which are in the process of being updated. As explained to us, all the fixed assets of the company have been physically verified by the Management at reasonable intervals during the period and the same are in process of being reconciled. The discrepancies, if any, on physical verification will be dealt with in the Accounts as and when determined on the completion of the reconciliation of the same.
 - ii) None of the Fixed Assets have been revalued during the period.
 - iii) The stocks of finished goods, stores, spare parts, packing materials and raw materials have been physically verified during the period by the management except the stock in transit and stock lying with third parties. In our opinion, the frequency of verification is reasonable.
 - iv) The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - v) The discrepancies noticed on verification between the physical stocks and the book records were not material.
 - vi) On the basis of our examination after taking into consideration that Excise Duty payable on finished goods lying at factory as at 30th June, 1998 is accounted for by the Company as and when the goods are cleared from the factory as per accounting practice consistently applied and is not considered as an expenditure and therefore not included in valuation of closing stock as indicated in Note No.4. The valuation of stock is fair and proper in accordance with the normally accepted accounting principles.
 - vii) Terms and conditions of loan taken from holding company, or companies, firms or other parties in the register maintained under Section 301 are not prima facie prejudicial to the interest of the Company.
 - viii) No loans have been granted to companies, firms or other parties as listed in the register maintained under Section 301 and/or to the companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.

- ix) The principal amounts and interest, wherever applicable, thereon in respect of loans and/or advances of the nature of loans given by the Company to Employees have been recovered regularly as stipulated wherever such stipulation is specified.
- x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant & machinery, equipment and other assets, and with regard to the sale of goods.
- xi) According to the information and explanation given to us, the transactions of purchase and sales of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the period to Rs.50,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices available with the company for such goods and materials or the prices at which transactions for similar goods have been made with other parties.
- xii) As explained to us, the Company has regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- xiii) The company has not accepted any deposit from the public.
- xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company has no by-products.
- xv) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- xvi) We have broadly reviewed the books of account and records maintained by the Company as prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records and books of account have been made and maintained. We have not, however, made a detailed examination of the said records with a view to determine whether they are accurate.
- xvii) According to the records of the Company, Provident Fund and Employees State Insurance dues, have been generally regularly deposited during the year with the appropriate authorities.
- xviii) In our opinion and according to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty and Excise Duty outstanding as at the last day of the financial year under report, for a period of more than six months from the date these became payable, except Rs.777.04 lacs towards Sales Tax under MPST and CST Acts which relate to the period prior to the sanction of the Rehabilitation Scheme by the Board for Industrial & Financial Reconstruction, the repayment of which is subject to final approval of Government of Madhya Pradesh.
- xix) The company has a policy of authorising expenditures based on reasonable checks and balances. The policies intended to ensure that expenses are authorised on the basis of the contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observation, we have not come across any expense charged to Revenue Account which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as Personal Expenses.
- xx) After becoming a sick company within the meaning of Clause(o) of Sub-section(i) of Section 3 of the Sick Industrial Companies(Special Provision) Act, 1985, the company had made a reference to the Board for Industrial & Financial Reconstruction(BIFR) under Section 15 of that Act. Accordingly, BIFR has sanctioned the Rehabilitation Scheme during the year and the same is under implementation.

For LODHA & Co.
Chartered Accountants

Pramod K. Jain
Partner

Mumbai, 19th August, 1998

AMBUJA CEMENT EASTERN LIMITED (Formerly known as Modi Cement Limited)**BALANCE SHEET AS AT 30TH JUNE, 1998**

	Schedule	As at 30-06-1998 (15 months) Rs. in lacs	As at 31-03-1997 (12 months) Rs. in lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	16,580.32	4,665.46
Advance against Call Money / Subscription of Shares		110.00	109.39
Reserves & Surplus	B	25.00	2,813.17
		16,715.32	7,588.02
Loan Funds			
Secured Loans	C	10,427.98	38,564.61
Unsecured Loans	D	151.46	491.99
		10,579.44	39,056.60
TOTAL		27,294.76	46,644.62
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		24,930.76	24,666.48
Less : Depreciation		13,233.94	11,596.23
Net Block		11,696.82	13,070.25
Capital Work in Progress (Including Machinery in transit Rs. 83.74 lacs, previous year Rs.83.74 lacs)		143.18	110.39
Advances against capital expenditure		8.53	62.39
		11,848.53	13,243.03
Investments	F	1.87	1.87
Current Assets, Loans and Advances	G		
Inventories		4,357.76	2,487.00
Sundry Debtors		2,114.96	2,987.10
Cash and Bank Balances		680.48	456.35
Loans and Advances		1,312.12	1,582.51
		8,465.32	7,512.96
Less : Current Liabilities and Provisions	H		
Liabilities		7,563.83	6,921.47
Provisions		114.67	104.92
		7,678.50	7,026.39
Net Current Assets		786.82	486.57
Miscellaneous Expenditure (to the extent not written off or adjusted) Deferred Revenue Expenditure Reconditioning of Plant and Machinery		56.73	—
Profit & Loss Account		14,600.81	32,913.15
TOTAL		27,294.76	46,644.62
Notes forming part of the Accounts	N		

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED
ON 30TH JUNE, 1998**

	Schedule	1997-98 (15 Months) Rs. in lacs	1996-97 (12 Months) Rs. in lacs
INCOME			
Sales		12,004.56	18,467.94
Other Income	I	554.86	325.68
Variation in Stocks	J	1,416.72	(78.07)
		13,976.14	18,715.55
EXPENDITURE			
Manufacturing expenses	K	7,665.81	9,044.80
Excise Duty		2,063.96	3,292.47
Administrative & Selling expenses	L	8,014.49	8,393.11
Interest & Finance Charges, Net	M	1,010.77	5,866.62
Depreciation and amortisation		1,674.40	1,315.66
		20,429.43	27,912.66
Loss before taxation		(6,453.29)	(9,197.11)
Provision for Wealth Tax		1.01	0.71
Loss for the year		(6,454.30)	(9,197.82)
Extraordinary Item :			
Waiver of Interest pursuant to BIFR Scheme		18,543.33	—
MAD Cess on Lime Stone		—	(541.04)
Depreciation relating to earlier years		—	(2,907.40)
Investment Allowance Reserve Written back		2,788.17	(2,788.17)
Balance brought forward from previous year		(32,913.15)	(17,478.72)
Capital Reduction pursuant to BIFR Scheme		3,435.14	—
Balance carried to Balance Sheet ..		(14,600.81)	(32,913.15)
Notes forming part of the Accounts	N		

As per our attached report of even date
For and on behalf of
LODHA & Co.
Chartered Accountants

Pramod K. Jain
Partner

Mumbai,
19th August, 1998

R. Kalidas
Asst. Company Secretary

For and on behalf of the Board
B. L. Taparia
Director

Harshavardhan Neotia
Managing Director

As per our attached report of even date
For and on behalf of
LODHA & Co.
Chartered Accountants

Pramod K. Jain
Partner

Mumbai,
19th August, 1998

R. Kalidas
Asst. Company Secretary

For and on behalf of the Board
B. L. Taparia
Director

Harshavardhan Neotia
Managing Director

AMBUJA CEMENT EASTERN LIMITED (Formerly known as Modi Cement Limited)**SCHEDULES 'A' TO 'N' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE, 1998.**

	As at 30.6.98 Rs. in lacs	As at 31.3.97 Rs. in lacs
SCHEDULE 'A' - SHARE CAPITAL		
Authorised		
18,00,00,000 Equity Shares of Rs. 10 each ..	<u>18,000.00</u>	<u>12,000.00</u>
Issued, Subscribed & Paid up		
12,74,50,483 (Previous year 4,58,01,930) Equity Shares of Rs. 10 each fully paid up. (Refer Note 1 & 2 below)	<u>12,745.05</u>	<u>4,580.19</u>
5,00,00,000 (Previous year, nil) Equity Shares of Rs. 10 each, Rs. 7.50 called and paid up (Refer Note 3 below)	<u>3,750.00</u>	<u>—</u>
Add : Forfeited Shares (amount originally paid up)	<u>85.27</u>	<u>85.27</u>
	<u>16,580.32</u>	<u>4,665.46</u>

Notes :

1. Previous year Share Capital of Rs.4,580.19 lacs(4,58,01,930 Equity Shares of Rs. 10 each) has been reduced by 75 % to Rs. 1,145.05 lacs (1,14,50,483 Equity Shares of Rs. 10 each) during the year pursuant to the Rehabilitation Scheme sanctioned by BIFR on 5.11.97.
2. Includes 11,60,00,000 Equity Shares of Rs. 10 each fully paid up issued to Gujarat Ambuja Cements Limited pursuant to the Rehabilitation Scheme sanctioned by BIFR on 5.11.97.
3. Issued to Gujarat Ambuja Cements Limited pursuant to the Rehabilitation Scheme sanctioned by BIFR on 5.11.97.
4. Aggregate Shares held by Gujarat Ambuja Cements Limited (Holding Company)-11,60,57,827 Equity Shares of Rs.10 each fully paid up and 5,00,00,000 Equity Shares Rs.7.50 each partly paid up.(Previous year - nil)

SCHEDULE 'B' - RESERVES AND SURPLUS

CAPITAL RESERVE		
As per last Account	<u>25.00</u>	<u>25.00</u>
INVESTMENT ALLOWANCE RESERVE		
As per last Account	<u>2,788.17</u>	<u>2,788.17</u>
Less: Transfer to Profit & Loss account	<u>2,788.17</u>	<u>—</u>
	<u>25.00</u>	<u>2,813.17</u>

SCHEDULE 'C' - SECURED LOANS

A. Rupee Term Loans(Refer Note 1 & 2 below)		
From Financial Institutions	<u>3,813.77</u>	<u>11,442.46</u>
From Banks	<u>350.07</u>	<u>1,050.31</u>
B. Foreign Currency Term Loans (Refer Note 1 below)		
From International Finance Corporation	<u>—</u>	<u>6,245.75</u>

SCHEDULE 'C' - SECURED LOANS (Contd..)

C. Zero Interest Privately Placed Secured Debentures Subscribed by Unit Trust of India (Refer Note 1 & 2 below)	53.66	161.00
D. Gujarat Ambuja Cements Limited - Holding Company (Refer Note 2 & 3 below)	2,066.42	—
E. Interest accrued & due on A, B & C above	—	17,911.34
F. Working Capital(Refer Note 4 below)	1,533.02	1,739.97
G. Deferred Payment Credit (Refer Note 5 below)	—	13.78
H. Short-Term Loans(Refer Note 6 below)	2,600.00	—
I. Interest accrued & due on Short-Term Loans	11.04	—
	<u>10,427.98</u>	<u>38,564.61</u>

NOTES :

1. Secured by mortgage of all the Company's immovable properties both present and future and hypothecation of all the movable assets of the Company, save and except specially demarcated land and housing colony and book debts but including movable machinery spares, tools and accessories, both present and future, subject to prior charges, created and/or to be created in favour of the Company's bankers on specified movables for working capital requirements. The charges shall rank *pari passu* in favour of the Financial Institutions, Trustees for Zero Interest Secured Debentures subscribed by U.T.I., Banks and International Finance Corporation, Washington.
2. The loans and debentures shall be paid/redeemed in 7 annual instalments commencing from March 2001 without interest pursuant to the Rehabilitation Scheme sanctioned by BIFR on 5.11.97.
3. To be secured by mortgage of the immovable properties both present and future and hypothecation of movable assets, save and except specified movable assets hypothecated in favour of Company's bankers for working capital requirement. Ranking *pari passu* with other lenders as per A & C above.
4. Secured by hypothecation of Inventories and book debts both present and future and second charge by way of joint mortgage/hypothecation on all the Company's assets both present and future.
5. Secured by charge on Plant and Machinery purchased under such credit in favour of banks giving guarantee to the supplier on behalf of the Company.
6. Secured / to be secured by second mortgage / charge on Company's Fixed Assets, both present and future. Ranking *pari passu* with the existing second mortgage / charge holders.

SCHEDULE 'D' - UNSECURED LOANS

A. Deferred Sales Tax Loan	144.79	169.99
B. Loan from Holding Company	6.67	—
C. Loan from a company under the same management	—	322.00
(Relating to former promoter of erstwhile MODI CEMENT LTD.)		
	<u>151.46</u>	<u>491.99</u>

AMBUJA CEMENT EASTERN LIMITED (Formerly known as Modi Cement Limited)**SCHEDULE 'E' – FIXED ASSETS**

Rs. in lacs

DESCRIPTION	GROSS BLOCK (at cost)			DEPRECIATION				NET BLOCK		
	As at 1.4.97	Additions	Deductions/ Adjustments	As at 30.6.98	Up to 1.4.97	For the period ended 30.6.98	Deductions/ Adjustments	Up to 30.6.98	As at 30.6.98	As at 31.3.97
Freehold Land	1.13	—	—	1.13	—	—	—	—	1.13	1.13
Leasehold Land	86.14	—	—	86.14	17.99	1.66	—	19.65	66.49	68.15
Buildings	1,699.23	30.71	—	1,729.94	385.56	49.83	—	435.39	1,294.55	1,313.67
Plant & Machinery	19,500.54	255.43	46.48	19,709.49	9,860.91	1,415.19	(0.18)	11,276.28	8,433.21	9,639.63
Electric Installation	1,211.65	1.89	—	1,213.54	562.55	71.95	—	634.50	579.05	649.10
Furniture Fixture & Office Equipment	279.42	58.45	2.07	335.80	169.54	19.19	1.68	187.05	148.75	109.88
Vehicles	138.74	34.99	68.64	105.09	70.81	12.78	35.19	48.40	56.69	67.93
Railway Siding	1,105.86	—	—	1,105.86	526.44	65.62	—	592.06	513.79	579.42
Leased out : Plant & Machinery *	643.77	—	—	643.77	2.43	38.18	—	40.61	603.16	641.34
TOTAL	24,666.48	381.47	117.19	24,930.76	11,596.23	1,674.40	36.69	13,233.94	11,696.82	13,070.25
Previous Year	24,552.09	734.87	620.85	24,666.48	7,412.48	1,315.66	**2,946.71	11,596.23	13,070.25	

Note : 1) Decrease in Fixed Assets includes Rs. 46.48 lacs(previous year Rs.540.33 lacs) due to decrease in rupee liability consequent to fluctuation in Foreign Exchange rates.

* 2) These are Railway Wagon given on lease to the Railways under "Own Your Wagon Scheme".

** 3) Includes Rs. 2,907.40 lacs depreciation for the earlier years.

As at
30.6.98
Rs. in lacs

As at
31.3.97
Rs. in lacs

As at
30.6.98
Rs. in lacs

As at
31.3.97
Rs. in lacs

SCHEDULE 'F' – INVESTMENTS

Long Term Investment - (at cost)

Unquoted

13688 Units(Previous year 13688 Units) of US 64

of Unit Trust of India	1.87	1.87
	1.87	1.87

SCHEDULE 'G' – CURRENT ASSETS, LOANS & ADVANCES**CURRENT ASSETS**

a) Inventories (as taken, valued & certified by the Management)		
Stores, spare parts & Packing Materials (at cost including in transit Rs.4.73 lacs; previous year Rs. 8.13 lacs)	1,363.19	1,021.24
Raw Materials (At cost including in transit Rs.23.02 lacs; Previous year Rs.1.76 lacs)	141.47	29.38
Finished Goods (At cost or net realisable value whichever is lower)	1,178.93	501.20
Materials in Process (At cost)	1,667.13	927.02
Scrap Stock (At estimated realisable value)	7.04	8.16
	4,357.76	2,487.00
b) Sundry Debtors		
i) Over six months		
Good-Secured	59.56	88.79
Good-Unsecured	51.31	484.65
	110.87	573.44
Doubtful	1,967.55	1,103.28
Less : Provision	1,967.55	1,103.28
	—	—
	110.87	573.44
ii) Other, Good		
Secured	221.76	151.89
Unsecured	*1,782.33	2,261.77
	2,004.09	2,413.66
	2,114.96	2,987.10

[*Includes Rs. 26.17 lacs, (previous year, nil) due from a company under the same management - Bengal Ambuja Housing Development Ltd.]

SCHEDULE 'G' – CURRENT ASSETS, LOANS & ADVANCES (Contd..)

c) Cash and Bank Balances

Cash on Hand	1.87	11.57
Cheques on Hand	305.88	128.01
Funds in Transit	166.40	7.75
Balance with Scheduled Banks		
In Current Accounts	189.61	157.16
In Saving Accounts	6.19	2.64
In Fixed Deposit (Deposit receipts Rs.8.00 lacs (Previous year, nil) deposited with Govt. Departments as security deposit) (including accrued interest Rs.0.15 lacs, Previous year, Rs.0.53 lacs)	8.16	11.55
In Margin Money Deposit (Including accrued interest Rs.0.16 lacs, Previous year, Rs.2.94 lacs)	2.10	137.42
In Post Office Savings Account (Pass book of which deposited with Government Department as security)	0.25	0.25
	680.48	456.35

d) Loans & Advances (unsecured , considered good)

Advances recoverable in cash or in kind or for value to be received		
Good	686.21	1,080.56
Doubtful	297.98	85.26
Less Provisions	297.98	85.26
	686.21	1,080.56
Income Tax deducted at source	32.47	33.27
Deposits	518.76	458.86
Balance with Central Excise	74.68	9.82
	1,312.12	1,582.51
Total (a+b+c+d)	8,465.32	7,512.96

AMBUJA CEMENT EASTERN LIMITED (Formerly known as Modi Cement Limited)

SCHEDULE 'IV' - NOTES FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) SYSTEM OF ACCOUNTING

- Financial Statements are based on historical cost.
- The company, generally follows, the mercantile system of accounting and recognises income and expenditure on the accrual basis except those with significant uncertainties.

b) SALES

- Sales are recognised when goods are supplied.
- Export sales are accounted on the basis of dates of Bill of Lading.

c) VALUATION OF INVENTORIES

- Raw Materials, Stores, Spare Parts and Packing Materials are valued at cost computed on weighted average method.
 - Scrap stock is valued at expected realisable value.
 - Material in process are valued at cost value. (*)
 - Finished goods are valued at lower of cost (*) or net realisable value.
- (*) Cost for this purpose is computed on the basis of cost of material, labour and other related overheads.

d) INVESTMENTS

Investments are stated at cost of acquisition. Temporary diminution in the value of investments meant to be held for a long period is not recognised.

e) RESEARCH & DEVELOPMENT

Revenue Expenditure on Research and Development is charged to Profit & Loss of the year in which it is incurred. Capital Expenditure on Research and Development is shown as an addition to Fixed Assets.

f) FIXED ASSETS

Fixed Assets are stated at cost of acquisition /installation. Original cost of Fixed Assets acquired through foreign currency loan is adjusted by foreign currency fluctuations.

Fixed Assets are shown net of MODVAT on capital goods.

g) DEPRECIATION AND AMORTISATION

- Depreciation on all assets is being provided on the "Straight Line Method" in accordance with the provisions of Section 205(2) (b) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Continuous process plants as defined in the said Schedule have been considered on technical assessment and depreciation provided accordingly. Depreciation on additions to fixed assets is being provided on pro rata basis from the date of acquisition or installation. Depreciation on assets sold, discarded, demolished or scrapped, is being provided upto the date in which the said asset is sold, discarded, demolished or scrapped. Leasehold land is amortised over the period of lease.
- Depreciation on increase/decrease in value of Fixed Assets due to foreign exchange fluctuations has been provided on the basis of residual life of the asset.
- Assets of small value and of non durable nature are written off in the year of purchase.

h) EXPENDITURE DURING CONSTRUCTION PERIOD

Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on project under implementation are being treated as Pre-operative expenses pending allocation to the assets, and are shown under "Capital Work in Progress" and the same are being apportioned on commencement of commercial production.

i) RETIREMENT BENEFITS

- The liability of gratuity at the year end is provided on the basis of actuarial valuation.
- The liability for encashment of leave at the year end is provided on the basis of actuarial valuation.
- Contribution for the employees covered under the superannuation scheme of the Company is provided on accrual basis/ funded with Life Insurance Corporation of India.

j) EXCHANGE FLUCTUATION

Foreign Currency Loan & current liabilities outstanding at the close of the financial year are revalued at the contracted and/or appropriate exchange rates at the close of the year. The gain or loss due to decrease/increase in Rupee liability on account of fluctuations in the rate of exchange is adjusted to the cost of assets if it relates to acquisition of assets and is charged to Profit & Loss Account in other cases.

k) MISCELLANEOUS EXPENDITURE

Miscellaneous expenditure including Deferred Revenue expenditure is amortised over the period of estimated benefit.

l) GOVERNMENT GRANT

Grants from Government relating to project capital subsidy are credited to Capital Reserve. Other government grants including incentives, duty drawback etc. are adjusted in Profit & Loss Account.

m) TREATMENT OF CONTINGENT LIABILITIES

Contingent liabilities are not provided and are disclosed in Notes to Accounts.

2. Contingent liabilities not provided- for in respect of :

	30.6.98 Rs. in lacs	31.3.97 Rs. in lacs
i) Claims against the company not acknowledged as debts.	362.46	373.10
ii) Disputed Income Tax Demands (including interest) - matter under appeal	66.15	14.53
iii) Disputed Excise Demands - matter under appeal	527.53	844.56
iv) Disputed Sales tax demands - matter under appeal	489.86	333.57
v) Disputed liabilities relating to Electricity duty including interest - matter pending in High Court	301.77	247.25
vi) Disputed liabilities relating to Royalty on limestone - matter pending in High Court	476.95	461.10
vii) Disputed liabilities relating to interest on enhanced royalty on Coal- matter pending in High court	54.77	—
3. Estimated Amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	90.64	757.62
4. Liability for Excise duty on cement manufactured but not cleared from the factory premises is charged to Profit & Loss Account only at the time of removal. However, the said accounting policy has no impact on the loss for the year.		
Excise duty on such stock is estimated at	70.60	55.47

	1997-98 Rs. in lacs	1996-97 Rs. in lacs
5. Payments to Auditors		
a. Statutory Auditors		
i) As Auditors	1.88	1.50
ii) In other capacity:		
(a) For Tax Audit	0.25	0.25
(b) Certification Work	0.06	0.05
iii) Reimbursement of Expenses	0.96	0.44
	3.15	2.24
b. Cost Auditors:		
i) As Cost Auditors	0.15	0.12
ii) Reimbursement of Expenses	0.02	—
	0.17	0.12
6. Managerial Remuneration		
Salaries	2.50	3.60
Contribution to Provident Fund	0.26	0.36
Perquisites (as evaluated under Income Tax Rules)	*1.73	*0.15
Salaries & Perquisites etc. to Nominee Directors	3.90	1.61
	8.39	5.72

(*) (as evaluated under Income Tax Rules)

7. Licenced & Installed Capacity, Production, Stocks & Turnover :
Class of Goods - Cement

	1997-98		1996-97	
	Qty. (MT)	Amount (Rs. in lacs)	Qty. (MT)	Amount (Rs. in Lacs)
i) Licenced capacity (a)	1200000		1200000	
ii) Installed capacity(b)	1146000		1146000	
iii) Production	615380		924333	
iv) Stocks:				
Opening	40163	501.20	48934	760.41
Closing	63194	1178.93	40163	501.20
v) Turnover:(c)				
Cement	588345	11913.93	931252	18032.66
Clinker	7157	90.63	32626	435.28
		12004.56		18467.94

AMBUJA CEMENT EASTERN LIMITED (Formerly known as Modi Cement Limited)**SCHEDULE 'N' - NOTES FORMING PART OF THE ACCOUNTS** (Contd..)

	1997-98		1996-97	
	Qty. (MT)	Amount (Rs. in lacs)	Qty. (MT)	Amount (Rs. in Lacs)
vi) Shortage, samples, handling loss etc.	4004		1852	
a) The Company's product is exempt from Licencing requirements under New Industrial Policy in terms of Notification No. S.O.477 (E) dated 25th July, 1991.				
b) As certified by the management and being a technical matter accepted by Auditors.				
c) Includes self-consumption at market value for capital & revenue jobs.	536		26	
8. Raw Materials consumed - Indigenous:				
i) Limestone raised by the Company	961600	697.16	1344252	814.20
ii) Gypsum	22736	203.04	86285	331.10
iii) Slag	78597	353.05	42008	190.95
iv) Iron Ore	7564	18.33	9433	18.57
v) Manganese Ore	1720	14.24	2451	18.60
		1285.82		1373.42

	1997-98		1996-97	
	Value (Rs. in lacs)	Percentage	Value (Rs. in lacs)	Percentage
9. Imported & Indigenous Spare Parts & Components consumed				
i) Imported	11.63	8.47	23.31	6.93
ii) Indigenous	125.73	91.53	313.24	93.07
	137.36	100.00	336.55	100.00

	1997-98 (Rs. in lacs)	1996-97 (Rs. in lacs)
10. CIF Value of Imports Spares	2.45	35.48
11. Expenditure in Foreign Currency:		
Travelling	1.63	0.27
Other Expenses	5.38	1.22
12. Earnings in Foreign Currency: F.O.B. Value of Exports	504.96	25.82
13. Jute Packing Materials [Compulsory use in Packing Commodities Act, 1987] has excluded cement from its purview w.e.f. 01.07.1997. The company may be contingently liable upto 30.06.1997 for non-despatch of cement in Jute Bags at the specified percentage under the Act (amount unascertained).		
14. Liability for Custom Duty for Rs.89.08 Lacs may arise for goods lying in bonded warehouse. Custom Duty alongwith interest and other charges, if any, will be provided only at the time of removal of these goods.		
15. Balances of certain Sundry Debtors, Sundry Creditors, Advance Recoverable, Deposits etc., are subject to confirmation.		
16. Sundry Creditors include Rs.24.11 lacs (previous year Rs.2.05 lacs) due to Small Scale and Ancillary undertakings to the extent such parties have been identified from available information.		
17. The expenses directly charged to Raw Material(limestone) include:		

Particulars	1997-98 (Rs. in lacs)	1996-97 (Rs. in lacs)
Salaries, Wages, and other allowances	58.52	43.39
Contribution to PF	7.25	3.18
Staff Welfare	2.61	3.09
Consumption of Stores & Spares	142.77	282.08
Royalty & Cess	310.53	342.78

Particulars	1997-98 (Rs. in lacs)	1996-97 (Rs. in lacs)
Miscellaneous Exp.	17.75	16.40
Repairs to Building	0.07	0.46
Rates & taxes	—	0.40
Power & Fuel	126.39	87.22
Repair to Machinery	31.27	35.20
Total	697.16	814.20

18. Miscellaneous Expenditure includes Rs. 56.73 lacs being expenses on major reconditioning of Plant & Machinery, which is amortised over the period of five years.
19. Research and development expenditure amounting to Rs.9.00 lacs (previous year Rs.14.54 lacs) has been debited to respective heads of accounts.
20. Board for Industrial and Financial Reconstruction (BIFR) has sanctioned and issued the scheme on 05.11.97 for Rehabilitation of the Company. In view of the said scheme, during the year, the following consequential action has been done/to be done by the company.
- Share Capital outstanding as on the sanction of said scheme has been reduced by 75%.
 - 66.67% of outstanding Term loans have been paid to the Financial Institutions/Banks and the balance of 33.33% of outstanding will be paid in 7 annual instalments commencing from March 2001, free of interest.
 - As per the said scheme of BIFR the 1/3rd of the outstanding term loan of Rs. 2066.42 lacs which was payable to International Finance Corporation (Washington) has been discharged out of the funds provided by GACL, hence this principal outstanding shall now be paid to GACL in seven annual instalments commencing from March 2001, without interest.
 - Arrears of Interest of Rs. 18543.33 lacs waived by the Financial Institutions and banks has been included as extra-ordinary item in Profit and Loss Account.
 - Other creditors including unsecured creditors shall be paid without interest over 5 years after 2 years moratorium from the date of sanction of the Scheme of BIFR.
 - As per the scheme sanctioned by BIFR, certain reliefs and concessions by way of deferrment of the arrears of various government dues and waiver of interest, surcharge, penal interest etc. thereon are under the consideration of Government of Madhya Pradesh (G.O.M.P.). Pending the final sanction by G. O. M. P. no effect of this credit has been taken in the Books of Accounts (amount unascertained).
21. The Company's Financial Year for the purpose of compliance with the provisions of the Companies Act 1956, ends on 30th June, as against the Previous Year for tax purposes, which ends on 31st March. The company does not expect taxable income for the previous year (i.e., 1.4.97 to 31.3.1998) relevant to the Assessment year 1998-99. The income, if any, for the period from 1st April, 1998 to 30th June, 1998 forming part of the annexed accounts, will be assessed as a part of the composite income relevant to the Assessment Year 1999-2000, viz. for the Income tax previous year ending on 31st March, 1999. However, on the basis of Accounts for the period ended 30th June, 1998, there is no tax liability for the 3 months ended 30th June, 1998. Minimum Alternate Tax under Section 115 JA is not applicable to the company since it is sick company under Section 17(1) of the Sick Industrial Companies (Special Provision) Act, 1985.
22. The company has changed its Accounting Year from April-March to July-June. Consequently, current year's accounts have been prepared for 15 months from April 01, 1997 to June 30, 1998. The previous year figures are, therefore, not strictly comparable with the figures of current period.
23. i) Previous years figures have been regrouped or rearranged wherever considered necessary.
ii) Figures in Balance Sheet and Profit & Loss Account and notes have been rounded off to the nearest thousand and have been expressed in terms of decimals of thousands.

Signatures to Schedules 'A' to 'N'

As per our attached report of even date	For and on behalf of the Board
For and on behalf of LODHA & Co. Chartered Accountants	B. L. Taparia Director
Pramod K. Jain Partner	
Mumbai, 19th August, 1998	R. Kalidas Asst. Company Secretary
	Harshavardhan Neotia Managing Director

www.reportjunction.com

AMBUJA CEMENT EASTERN LIMITED (Formerly known as Modi Cement Limited)**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE, 1998**

(Pursuant to the Listing Agreement with Stock Exchanges)

	1997-98	1996-97
	Rs. in lacs	Rs. in lacs
A) CASH FLOW FROM OPERATING ACTIVITIES		
NET LOSS BEFORE TAX AND EXTRAORDINARY ACTIVITIES	(6,453.29)	(9,197.11)
Adjustment for:		
Depreciation & Amortization	1,674.58	1,315.66
Surplus on sale of assets	(4.60)	(2.01)
Loss on sale of assets	5.47	10.74
Part of deferred revenue expenditure written off	14.18	16.79
Interest (Expenditure)	982.53	5,841.46
Interest (Income)	(18.12)	(68.40)
Dividend (Income)	(0.27)	(0.27)
Share issue Expenses	18.00	—
Wealth Tax	0.45	—
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(3,781.07)	(2,083.14)
Adjustment for:		
Trade and other receivables	1,142.53	956.53
Inventories	(1,870.76)	344.05
Trade Payables	908.57	1,937.57
Miscellaneous Expenditure	(70.91)	—
CASH GENERATED FROM OPERATIONS	(3,671.64)	1,151.56
Interest paid	(595.44)	(594.49)
Direct Taxes paid	(1.16)	(0.57)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(4,268.24)	556.50
Extraordinary items		
Waiver of Interest pursuant to BIFR Scheme	18,543.33	—
MAD Cess	—	(541.04)
NET CASH FROM OPERATING ACTIVITIES	14,275.09	15.46
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(360.40)	(543.09)
Sale of Fixed Assets	32.97	32.48
Interest received	18.12	68.40
Dividend from Units received	0.27	0.25
NET CASH USED IN INVESTING ACTIVITIES	(309.04)	(441.96)

C) CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of Share Capital	15,350.00	(18.19)
Increase in advance against call money / subscription of Shares	0.61	—
Decrease in Term Loan / Working Capital	(33,400.42)	157.63
Increase in Loan from Holding Company	2,073.09	—
Payment of Share Issue Expenses	(18.00)	—
Repayment of Short term Loan	(322.00)	—
Proceeds from Short term Loan	2,600.00	322.00
Decrease in sales tax loan	(25.20)	—
NET CASH FROM FINANCING ACTIVITIES	(13,741.92)	461.44
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	224.13	38.41
CASH AND CASH EQUIVALENTS AS AT 1.4.97 (Opening Balance)	456.35	417.94
CASH AND CASH EQUIVALENTS AS AT 30.6.98 (Closing Balance)	680.48	456.35

For and on behalf of the Board

R. Kalidas
Asst. Company SecretaryB. L. Taparia
DirectorHarshavardhan Neotia
Managing Director

Mumbai, 19th August, 1998.

AUDITORS' CERTIFICATETo
The Board of Directors
Ambuja Cement Eastern Ltd.
Mumbai

We have examined the attached Cash Flow Statement of Ambuja Cement Eastern Ltd. for the year ended 30th June, 1998. The Statement has been prepared by the Company in accordance with the requirement of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report of 19th August, 1998 to the members of the Company and reallocation required for the purpose are as made by the Company.

For and on behalf of
For LODHA & Co.
Chartered AccountantsPramod K. Jain
Partner
Mumbai, 19th August, 1998

HOMETRUST HOUSING FINANCE COMPANY LIMITED**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the fourth Annual Report with the audited accounts for the year 1st April, 1997 to 31st March, 1998.

1. FINANCIAL RESULTS FOR THE YEAR UNDER REVIEW

	For the year 1.4.1997 to 31.3.1998 (Rs. in lacs)	For the year 1.4.1996 to 31.3.1997 (Rs. in lacs)
Profit before Tax	188.12	129.30
Provision for Tax	44.61	32.61
Profit after Tax	143.51	96.69
APPROPRIATIONS :		
Special Reserve	74.00	47.50
Provision for Dividend	50.00	25.00
Provision for Tax on Dividend	5.00	2.50
Balance carried to Balance Sheet	14.51	21.69

Your Directors have pleasure in recommending a dividend of 5% on the equity shares for the year 1997-98 for shareholders' approval.

2. OPERATIONS

Your Directors are happy to report the following figures of housing loans sanctioned and disbursed during the year 1.4.1997 to 31.3.1998 and cumulative upto 31.3.1998.

	Loan Sanctioned		Loan Disbursed	
	For the Year	Cumulative	For the Year	Cumulative
	No. of units (Rs. in lacs)	No. of Units (Rs. in lacs)	No. of Units (Rs. in lacs)	No. of Units (Rs. in lacs)
Individuals	1239 3094.36	2713 6769.54	1112 2579.60	2468 5817.85
Builders/ Corporates	288 608.30	1071 1814.85	204 609.45	935 1589.55
Total	1527 3702.66	3784 8584.39	1316 3189.05	3403 7407.40

Despite continuous recession in the real estate market, your Company achieved a growth of nearly 80% in disbursement over the financial year 1996-97.

3. PRUDENTIAL NORMS & OTHER GUIDELINES OF NATIONAL HOUSING BANK

Your Company have complied with all the guidelines issued by the National Housing Bank relating to Prudential Norms governing Income Recognition, Asset Classification, Provisioning, Capital Adequacy etc.

Four individual loan accounts with an outstanding loan and interest overdue of Rs. 13,83,810 fall under the category of Non-Performing Assets (NPA) for which necessary provision has been made in the accounts.

4. FIXED DEPOSITS

For the Fixed Deposit programme of the Company CRISIL have reaffirmed its earlier rating of 'FA'. During the year your Company also got the Fixed Deposit rated by ICRA who have given the rating as 'AA'.

Your Directors are happy to report that your Company was able to mobilise Rs. 13,59,37,647/- during the year and outstanding deposits as on 31.3.1998 amounted to Rs. 25,75,92,445/-.

As on 31.3.98 Rs. 12,54,418/- remained as unclaimed deposits relating to 38 depositors in respect of Fixed Deposits placed with the company.

5. PARTICULARS OF EMPLOYEES

Particulars relating to personnel who drew remuneration of more than Rs. 25,000 per month during the year as required to be given under Section 217(2A) of the Companies Act, 1956 is furnished at the end of this report.

6. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE AND OTHER INFORMATION

During the year under review there was no expenditure or earnings in foreign exchange. Other particulars required to be given under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the Company is not engaged in manufacturing.

7. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Shri Harshavardhan Neotia retires by rotation at the ensuing Annual General Meeting and he is eligible for reappointment.

Shri Ajindra Kumar Puri was appointed as an Additional Director in the Board Meeting held on 30.3.98. He holds office upto the date of fourth Annual General Meeting. His reappointment as Director is proposed in the fourth Annual General Meeting covered under item 5 of the notice for the AGM.

8. AUDITORS

M/s. Chaturvedi & Company, Chartered Accountants, Statutory Auditors of your company hold office until the conclusion of the fourth Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1) of the Companies Act, 1956.

9. ACKNOWLEDGEMENT

Your Directors wish to express their sincere thanks to National Housing Bank, Central Bank of India, Bank of Madras Limited, UTI Bank Limited, Times Bank Limited and ICICI Banking Corporation Limited for their valuable support.

Your Directors also wish to acknowledge with thanks the unstinted support received from the parent company, Gujarat Ambuja Cements Limited.

Your Directors wish to place on record their appreciation of the dedicated services of all the employees of the Company.

For and on behalf of Board of Directors

Place : Calcutta
Date : 25.6.98

Harshavardhan Neotia
Director

Statement of Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 1998.

Name and Qualification	Age in years	Designation	Remuneration received (Rs.)	Experience in years	Date of commencement of employment	Last Employment	
						Name of the Company	Designation
T. Paul Diamond* M. A., AFII	61	Managing Director	809470	39	21.7.94	Gujarat Ambuja Cements Limited	Chief Executive
S. Ramabadrar B. Com, FICWA, FCS, CFA, LLB	44	Chief General Manager & Secretary	436320	24	4.7.94	Pentasia Chemicals Limited	Secretary & Financial Controller
R. K. Parakh B. Com (H), FCA, PGDBM	44	Corporate Vice-President (Finance & Planning)	346047	19	1.4.96	Assam Brook Limited	Senior Manager - Corporate Services

The above remuneration includes salary, allowances, perquisites and contribution to Provident Fund.

* Appointment is contractual.

HOMETRUST HOUSING FINANCE COMPANY LIMITED**AUDITORS' REPORT**

TO THE MEMBERS

HOMETRUST HOUSING FINANCE COMPANY LIMITED

We have audited the attached Balance Sheet of Hometrust Housing Finance Company Limited as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :-

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 in the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 and above, we state that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.

(c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.

(d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account, read together with Notes in Schedule 15 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :-

- (i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998 and
- (ii) in so far as it relates to the Profit & Loss Account, of the profit of the Company for the year ended on that date.

For CHATURVEDI & COMPANY
Chartered Accountants

Place : Calcutta
Date : 26.6.98

Nilima Joshi
Partner

ANNEXURE AS REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the Management during the period which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on verification.
2. None of the fixed assets have been revalued during the period.
3. The company has taken an unsecured loan from a company listed in the Register maintained under Section 301 of the Companies Act, 1956, which is also a company under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, (1 of 1956). In our opinion, the rate of interest and other terms and conditions of unsecured loans granted by the Company to Companies or other parties listed in the register maintained under Section 301 and/or to the Companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, (1 of 1956) are not prima facie prejudicial to the interest of the company.
4. The Company has granted unsecured loan to company listed in the register maintained under Section 301 and also under Section 370(1-B) of the Companies Act, 1956. In our opinion the rates and other terms and conditions of such loan is not prima facie prejudicial to the interest of the company.
5. Loans or advances have been granted by the company to parties which include employees of the company. The principal and the interest thereon are being repaid as stipulated.
6. In our opinion and according to the information and explanations give to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of Plant & Machinery, Equipment and other assets.
7. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangement entered in the registers maintained under Section 301 did not aggregate during the year to Rs. 50,000/- or more in respect of each party.
8. The company has accepted deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and in our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956. Also in our opinion the company has followed Housing Finance Companies (NHB) Directions, 1989 with regard to the deposits accepted from public.
9. In our opinion, the company has an Internal Audit System commensurate with the size and nature of its business.
10. The Central Government has not prescribed maintenance of cost records by the Company under Section 209(1)(d) of the Companies Act, 1956.
11. The Company has been generally regular in depositing Provident Fund and Employees State Insurance dues of the employees to the appropriate authorities.
12. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 1998 for a period of more than six months from the date they become payable.
13. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
14. The Company is not a Sick Industrial Company within the meaning of clause (O) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
15. Our comment on matters specified in clause (A) of Paragraph 4 of the above Order are given herein above to the extent they are applicable to the Company.

For CHATURVEDI & COMPANY
Chartered Accountants

Place : Calcutta
Date : 26.6.98

Nilima Joshi
Partner

HOMETRUST HOUSING FINANCE COMPANY LIMITED

BALANCE SHEET AS AT MARCH 31, 1998

	Schedule	As at 31.3.98 Rs. in lacs	As at 31.3.97 Rs. in lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	1000.00	1000.00
Reserves and Surplus	2	249.54	161.03
LOAN FUNDS			
Secured Loans	3	3621.69	1622.90
Unsecured Loans	4	2575.92	1216.55
		<u>7447.15</u>	<u>4000.48</u>
APPLICATIONS OF FUNDS			
FIXED ASSETS			
a) Gross Block		418.68	239.55
b) Less : Depreciation		144.88	75.61
c) Net Block		<u>273.80</u>	<u>163.94</u>
HOUSING LOANS	6	5973.71	3604.89
CONSIDERED GOOD			
INVESTMENTS	7	560.60	162.73
CURRENT ASSETS, LOANS	8	1023.67	236.18
AND ADVANCES			
Less : CURRENT LIABILITIES	9	388.40	171.66
AND PROVISIONS		<u>635.27</u>	<u>64.52</u>
MISCELLANEOUS EXPENDITURE ..		3.77	4.40
(TO THE EXTENT NOT WRITTEN OFF			
OR ADJUSTED)		<u>7447.15</u>	<u>4000.48</u>
NOTES ON ACCOUNTS	15		

SCHEDULES 1-15 ANNEXED HERETO
FORM PART OF BALANCE SHEET AND
PROFIT & LOSS ACCOUNT

As per our report attached

For CHATURVEDI & COMPANY Chartered Accountants	Harshavardhan Neotia Director	Ajindra Kumar Puri Director
Nilima Joshi Partner	T. Paul Diamond Managing Director	S. Ramabadrn Chief General Manager & Secretary

Place : Calcutta
Date : 26th June, 1998

PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 31ST MARCH, 1998

	Schedule	For the year ended 31.3.98 Rs. in lacs	For the year ended 31.3.97 Rs. in lacs
INCOME			
Interest on Housing Loans		890.58	497.44
(Tax deducted at source Rs. 24.36 lacs, prev. year Rs. 10.12 lacs)			
Fees & Other Charges		76.25	43.91
Other Income	10	159.84	144.33
(Tax deducted at source Rs. 11.80 lacs, prev. year Rs. 6.36 lacs)			
		<u>1126.67</u>	<u>685.68</u>
EXPENDITURE AND CHARGES			
Interest & Other Charges	11	653.27	353.02
Interest Tax		18.03	16.53
Staff Expenses	12	59.07	42.68
Establishment Expenses	13	40.79	31.46
Other Expenses	14	96.11	57.85
Depreciation		69.27	54.21
Preliminary Expenses written off .		0.63	0.63
Provision for contingencies		1.38	-
		<u>938.55</u>	<u>556.38</u>
PROFIT BEFORE TAX		188.12	129.30
Less : Provision for Income Tax ...		44.61	32.61
Profit After Tax		143.51	96.69
Balance brought forward from last year		74.83	53.14
PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION		<u>218.34</u>	<u>149.83</u>
APPROPRIATIONS			
Special Reserve		74.00	47.50
Proposed Dividend		50.00	25.00
Provision for Tax on Dividend		5.00	2.50
Profit carried to Balance Sheet ..		89.34	74.83
		<u>218.34</u>	<u>149.83</u>

NOTES ON ACCOUNTS 15
SCHEDULES 1-15 ANNEXED HERETO
FORM PART OF BALANCE SHEET AND
PROFIT & LOSS ACCOUNT.

As per our report attached

For CHATURVEDI & COMPANY Chartered Accountants	Harshavardhan Neotia Director	Ajindra Kumar Puri Director
Nilima Joshi Partner	T. Paul Diamond Managing Director	S. Ramabadrn Chief General Manager & Secretary

Place : Calcutta
Date : 26th June, 1998

HOMETRUST HOUSING FINANCE COMPANY LIMITED**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

	As at 31.3.98 Rs. in lacs	As at 31.3.97 Rs. in lacs
SCHEDULE '1' - SHARE CAPITAL		
AUTHORISED		
20,000,000 Equity Shares of Rs. 10 each ..	2000.00	2000.00
ISSUED, SUBSCRIBED AND PAID UP		
100,00,000 Equity Shares of Rs. 10 each .. fully paid up	1000.00	1000.00
(Out of 10,000,000 Equity Shares of Rs. 10/- each, 99,99,300 Equity Shares of Rs. 10/- each are held by Gujarat Ambuja Cements Ltd., the holding company)		

SCHEDULE '2' - RESERVES AND SURPLUS

SPECIAL RESERVE :

(in terms of Sec 36(1)(viii) of Income-Tax Act)

Opening Balance	86.20	38.70
Amount transferred from	74.00	47.50
Profit & Loss Account		
	160.20	86.20
Surplus as per Profit & Loss Account	89.34	74.83
	249.54	161.03

SCHEDULE '3' - SECURED LOANS

Over draft from a Bank *	193.91	36.69
Line of Credit from a Corporate Body **	870.93	929.53
Term Loans from Banks ***	1181.96	252.34
Refinance from National Housing Bank ****	1374.89	404.34
	3621.69	1622.90

* Secured by way of hypothecation of specific charge on deferred receivables and negative lien on specific immovable properties mortgaged to the Company.

** Secured by way of negative lien on the specific properties mortgaged to company.

*** Secured by way of hypothecation of specific charge on deferred receivables of the company and negative lien on the specific immovable properties mortgaged to the company.

**** Secured by first exclusive mortgage/charge of the immovable properties of the company, housing loans refinanced by National Housing Bank, hypothecation of company's moveable properties excluding investments and a first floating charge on all investments of the company other than SLR investments.

	As at 31.3.98 Rs. in lacs	As at 31.3.97 Rs. in lacs
SCHEDULE '4' - UNSECURED LOANS		
Public Deposits	2575.92	1132.55
Deposits - Others	—	84.00
	2575.92	1216.55

SCHEDULE '5' - FIXED ASSETS

(Rs. in lacs)

	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at March 31, 1997	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 1998	As at March 31, 1997	For the year 1997-98	As at March 31, 1998	As at March 31, 1998	As at March 31, 1997
OWNED ASSETS									
Building	—	128.50	—	128.50	—	0.01	0.01	128.49	—
Office Equipment	8.89	2.76	—	11.65	1.04	0.64	1.68	9.97	7.85
Personal Computer	19.19	13.21	—	32.40	6.82	4.00	10.82	21.58	12.37
Electrical fittings	3.68	3.24	—	6.92	0.78	0.47	1.25	5.67	2.90
Furniture & Fittings	23.40	28.78	—	52.18	3.37	2.16	5.53	46.65	20.03
Vehicle	3.48	2.64	—	6.12	0.51	0.45	0.96	5.16	2.97
	58.64	179.13	—	237.77	12.52	7.73	20.25	217.52	46.12
Leased Assets (Vehicle)	180.91	—	—	180.91	63.09	61.54	124.63	56.28	117.82
	239.55	179.13	—	418.68	75.61	69.27	144.88	273.80	163.94
Previous year	161.62	77.93	—	239.55	21.41	54.21	75.61	163.94	—

Note : In respect of building Conveyance Deed is yet to be executed.

	As at 31.3.98 Rs. in lacs	As at 31.3.97 Rs. in lacs
SCHEDULE '6' - HOUSING LOANS		
(Secured and Considered good)		
Individual Home Ownership	5100.12	2988.79
Professional Developers & Builders	713.63	572.00
Corporate Bodies	159.96	44.10
	5973.71	3604.89

Housing Loans are secured wholly or partly by

1. Equitable Mortgage of property
2. Undertaking to create a security
3. Assignment of Insurance Policies
4. Guarantees - personal or corporate
5. Pledge of shares, units, other securities
6. Negative lien.

HOMETRUST HOUSING FINANCE COMPANY LIMITED

	As at 31.3.98 Rs. in lacs	As at 31.3.97 Rs. in lacs
SCHEDULE '7' - INVESTMENTS (AT COST)		
Preference Shares	10.00	—
Debentures & Bonds	335.00	80.24
Government Securities	17.25	27.34
Unit Trust of India	198.35	55.15
	560.60	162.73
	Book Value Rs. in lacs	Market Value Rs. in lacs
Aggregate of Quoted Investments	245.60	258.91
Previous Year	(55.15)	(59.54)
Aggregate of Investments listed but not quoted Previous Year	165.00 (107.58)	
Aggregate of Unquoted Investments	150.00	
Previous Year	(Nil)	
	560.60	258.91
Previous Year	(162.73)	(59.54)

	No. of Shares/ Debentures/ Bonds/Units	Face Value per Share/ Debenture/ Bond/Unit (Rs.)	As at March 31, 1998 (Rs. in lacs)	As at March 31, 1997 (Rs. in lacs)
DEBENTURES AND BONDS - REDEEMABLE				
1. 15% p.a. Mahanagar Telephone Nigam Ltd. ...	10	100000	10.00	10.00
2. 17% p.a. Mahanagar Telephone Nigam Ltd. ...	—	—	—	5.24
3. 17.5% p.a. Himachal Pradesh State Electricity Board	—	—	—	10.00
4. 16% p.a. Punjab State Electricity Board	30	100000	30.00	30.00
5. 13.75% p.a. National Housing Bank	5	100000	5.00	5.00
6. 17.5% p.a. Rajasthan State Electricity Board	40	50000	20.00	20.00
7. 15.75% p.a. Andhra Pradesh State Electricity Board ...	50	100000	50.00	—
8. 11.5% p.a. Kerala State Electricity Board	10	100000	10.00	—
9. 11.5% p.a. Maharashtra State Electricity Board (tax free)	15	100000	15.00	—
10. 11.5% p.a. Maharashtra State Road Development Corpn. (tax free)	10	100000	10.00	—
11. 15.75% Krishna Bhagya Jala Nigam Limited	35	100000	35.00	—
12. 14% p.a. GE Capital Services India Limited	20	500000	100.00	—
13. 15% Birla Global Finance Limited Bonds	5000	1000	50.00	—
			335.00	80.24

GOVERNMENT SECURITIES				
Government of India Loans ...	—	—	17.25	27.34
UNIT TRUST OF INDIA				
Units 1964 Scheme	393000	10.00	55.15	55.15
(including 13000 bonus)				
.....	23529.412	10.00	3.20	—
.....	1000000	10.00	140.00	—
			198.35	55.15
PREFERENCE SHARES				
10.5% p.a. The Industrial Credit & Investment Corporation of India Ltd.	100000	10.00	10.00	—

NOTES :

1. The following investments were purchased and sold during the year :

Name of the Company	Nos.	Purchase Cost (Rs. in lacs)	Sale Proceeds (Rs. in lacs)
(i) Equity Shares :			
ICICI Banking Corporation	3800	1.33	1.83
Corporation Bank	4000	1.60	1.78
State Bank of India	1000	2.07	2.31
(ii) Bonds :			
16% Karnataka State Financial ..	4	4.00	4.40

2. Of the total investments debentures and bonds aggregating to Rs. 150 lacs are held as current investments.

3. Market value includes Rs. 209.65 (cost Rs. 198.35) being repurchase price of units issued by the Unit Trust of India.

	As at 31.3.98 Rs. in lacs	As at 31.3.97 Rs. in lacs
--	---------------------------------	---------------------------------

SCHEDULE '8' - CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS

CASH AND BANK BALANCES :

Cash and stamps in hand 1.39 1.38

Balances with Scheduled Banks :

i) Current Accounts 373.90 89.58

ii) Deposit Accounts 99.81 —

Cheques on hand 473.71 89.58

Remittance in transit 90.63 18.08

SUNDRY DEBTORS (considered good)

Due for more than six months — 0.85

Other debts 0.02 0.02

..... 0.61 1.87

..... 0.63 1.89

OTHER CURRENT ASSETS :

Other Receivables — 3.63

Income accrued but not due on investment 9.19 2.38

LOANS AND ADVANCES

Advances (recoverable in cash or in kind or for value to be received) :

i) Advance Income Tax 126.11 73.78

ii) Other Advances 63.93 32.09

iii) Security Deposit 27.16 11.28

iv) Loan against Fixed Deposits 7.96 1.24

including interest

v) Other receivables 20.81 —

vi) ICD to Companies 52.15 —

vii) Bond Application Money 150.00 —

..... 1023.67 236.18

SCHEDULE '9' - CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors 19.65 2.15

Other liabilities 206.58 75.81

PROVISIONS

Proposed Dividend 50.00 25.00

Provision for Tax on Dividend 5.00 2.50

Provision for Taxation 105.79 66.20

Provision for contingencies 1.38 —

..... 388.40 171.66

HOMETRUST HOUSING FINANCE COMPANY LIMITED

	For the year ended 31.3.98 Rs. in lacs	For the year ended 31.3.97 Rs. in lacs
SCHEDULE '10' – OTHER INCOME		
Bills Discounting Charges	6.61	46.15
Dividend on Investment (TDS Rs. 0.72 lacs; Previous Year Rs. 0.60 lacs)	7.86	2.60
Interest on securities and deposits (TDS Rs. 11.08 lacs; Previous Year Rs.5.77 lacs)	62.74	31.85
Lease Rentals	77.77	61.61
Profit on sale of equity shares	2.70	—
Others	2.16	2.12
	159.84	144.33

SCHEDULE '11' – INTEREST AND OTHER CHARGES

Interest on Loans		
i) Term Loan	348.79	222.35
ii) Others	302.10	130.20
Interest - Others	2.38	0.47
	653.27	353.02

SCHEDULE '12' – STAFF EXPENSES

Salary, Bonus and allowances	52.36	38.61
Contribution to PF & other funds	3.64	2.21
Staff Training and Welfare Expenses	3.07	1.86
	59.07	42.68

SCHEDULE '13' – ESTABLISHMENT EXPENSES

Rent	17.35	12.80
Rates and Taxes	0.09	0.04
Repairs & Maintenance Office Premises	0.91	0.59
Repairs & Maintenance - Others	3.51	3.51
General Office Expenses	10.24	5.23
Electricity Charges	2.56	3.38
Insurance	0.96	1.86
Consultancy Charges	5.17	4.05
	40.79	31.46

SCHEDULE '14' – OTHER EXPENSES

Travelling and Conveyance	16.13	13.00
Motor Car Expenses	2.79	1.46
Printing and Stationery	11.99	10.73
Postage, Telephone and Telex	14.36	9.63
Advertising	13.03	6.79
Sales Promotion	0.39	0.87
Commission for Fixed Deposits	30.82	13.01
Bank Charges	5.30	1.34
Internal Audit Fees	0.12	—
Auditors' Remuneration :		
a) Audit Fees	0.60	0.50
b) Tax Audit	0.15	0.10
c) Other Consultancy Charges	0.25	0.31
d) Out of Pocket Expenses	0.18	0.11
	96.11	57.85

SCHEDULE '15' – NOTES ON ACCOUNTS**1. ACCOUNTING POLICIES****1.1 System of Accounting**

The company follows accrual basis of accounting in preparation of the accounts. Assets and Liabilities are shown at historical cost unless otherwise stated.

1.2 Interest on Housing Loans

Repayment of Individual Housing Loan is by way of Equated Monthly Instalments (EMI) comprising Principal and Interest. Interest is calculated each year on the outstanding balance at the beginning of the financial year. EMIs commence on full disbursement of loan. Pre-EMI Interest is payable every month till the commencement of EMIs.

Additional penal interest for delayed payments is accounted for as and when received.

1.3 Fixed Assets

Fixed Assets are capitalised at cost inclusive of installation expenses.

1.4 Investment

Investments are valued at cost inclusive of brokerage and stamp charges and are classified into two categories viz. current or long term. Provision for diminution is made in accordance with the guidelines issued by the National Housing Bank and Accounting Standard - 13 issued by ICAI.

1.5 Depreciation

Depreciation on fixed assets other than leased assets is calculated as per Schedule XIV of the Companies Act, 1956 under straight line method and is provided on pro rata basis from the date on which the assets are put to use. Depreciation on leased assets is provided on a straight line method over the primary period of lease or over the specified period as defined under Section 205(5)(a) of the Companies Act, 1956, whichever is shorter. Further depreciation is provided on pro-rata basis from the date on which the assets are put to use.

1.6 Retirement Benefits

The company has been regularly remitting Provident Fund dues under EPF scheme to the appropriate authority and for the employees who are not covered under EPF Scheme the company has its own Provident Fund Trust recognised by Income Tax Authorities which is administered by various trustees. The company's contribution to both are charged to the Profit & Loss Account every year in accordance with Accounting Standard 15 issued by ICAI.

1.7 Preliminary Expenses

Preliminary expenses are written off in ten equal annual instalments commencing from the year in which the commercial activities of the company commenced.

2. MANAGERIAL REMUNERATION

Remuneration to Managing Director

	Year ended on 31.3.98 (Rs. in lacs)	Year ended on 31.3.97 (Rs. in lacs)
Salary	4.80	4.80
Perquisites	2.76	3.05
Contribution to Provident Fund	0.53	0.48
	8.09	8.33

3. Loans and Advances include Rs. 2.44 lacs (Previous year Rs. 1.13 lacs) given to officers of the company. The maximum balance due during the year in respect of the above amounted to Rs. 2.52 lacs (Previous year Rs. 1.49 lacs).

4. No provision for gratuity has been made in the accounts as none of the company employee has completed 5 years of service with the company.

5. Advances recoverable in cash or in kind include Rs. 5.49 lacs (Previous year nil) towards advances for capital expenditure.

6. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 0.77 lacs (Previous year nil).

7. Contingent liabilities not provided for is Rs. 0.99 lacs being excess bank charges disputed by the company.

8. Figures relating to previous year have been rearranged/ regrouped wherever necessary.

As per our report attached

For CHATURVEDI & COMPANY Chartered Accountants	Harshavardhan Neotia Director	Ajindra Kumar Puri Director
Nilima Joshi Partner	T. Paul Diamond Managing Director	S. Ramabadrhan Chief General Manager & Secretary

Place : Calcutta
Date : 26th June, 1998

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code
Balance Sheet Date
Date Month Year

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue
Rights Issue
Bonus Issue
Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities
Total Assets
Sources of Funds (Amount in Rs. Thousands)
Paid-up Capital
Reserves & Surplus
Secured Loans
Unsecured Loans
Application of Funds (Amount in Rs. Thousands)
Net Fixed Assets
Housing Loans
Investments
Net Current Assets
Misc. Expenditure
Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover
Total Expenditure
+/- Profit/Loss Before Tax
+/- Profit/Loss After Tax

(Please tick appropriate box + for Profit - for Loss)

Earning Per Share in Rs.
Dividend Rate %

V. Generic Names of Principal Products/Services of Company

Item Code No.
(ITC Code)
Product Description

As per our report attached

For CHATURVEDI & COMPANY
Chartered Accountants

Harshavardhan Neotia
Director

Ajindra Kumar Puri
Director

Nilima Joshi
Partner

T. Paul Diamond
Managing Director

S. Ramabadrn
Chief General
Manager & Secretary

Place : Calcutta
Date : 26th June, 1998

GANPATI GREENFIELDS LIMITED**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the 10th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 1998 and the Auditors' Report thereon.

1. FINANCIAL RESULTS

The highlights of the financial results for the Financial Year ended 31st March, 1998 are :-

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Income	1352.83	269.23
Operating Profit before interest and depreciation	479.65	173.47
Less : Interest	377.32	138.78
Gross Profit	102.33	34.69
Less : Depreciation	70.81	11.98
Profit before Taxation	31.52	22.71
Provision for Tax	3.31	3.32
PROFIT FOR THE YEAR	28.21	19.39
Add : Balance Brought forward from Previous Year	35.86	16.47
Balance Carried Forward	64.07	35.86

In order to further consolidate the position of the company, your Directors are not recommending payment of dividend for the year ended 31st March, 1998.

2. REVIEW OF PERFORMANCE**A) The Resort Hotel Complex :**

As reported earlier, your company's resort hotel christened The Ffort - A Radisson Resort commenced commercial operation from 14th April, 1997. However, all the 60 rooms could be commissioned only in January, 1998. Considering the fact that the Ffort was operating at full capacity (in terms of room and other outlets) for a small part of the year only, the performance was satisfactory with average occupancy for the year at 33%. The Ffort is expected to do much better during the current year. The Company has plans to carry out further expansion in rooms and in other outlets.

B) The Country Club :

The Club Magna Charta attached with The Ffort generated a lot of interest amongst the target audience, raising the 30-Year Membership deposit from Rs. 95 lacs till 31.03.1997 to Rs. 130 lacs on 31.03.1998 despite the generally prevailing downbeat market sentiments.

C) Shyamolima :

More Plots and a substantial number of Farm Houses were completed and handed over to respective buyers.

Units of Mallika have started getting completed and are being handed over to the buyers.

Units of Pakhralaya booked are complete while booking of the new units is progressing satisfactory.

All the booked Units not handed over so far are expected to be complete during 98-99 and would be handed over to the respective buyers.

D) Aakaar :

The Interior and landscaping division of the company which did complete interior work of the Ffort also undertook large interior assignments on turnkey basis for the market posting a gross sale of Rs. 227 lacs during the year under review. It is expected to further improve upon its performance during the current year.

E) Vishwakarma :

By virtue of amalgamation of Ganpati Builders & Services Private Limited, your company became the owner of over 1/5th share of the prestigious office complex in Calcutta which was completed during the year. A portion of the property held as current stock was also sold for which full consideration was received during the year.

3. MERGER OF GANPATI BUILDERS & SERVICES PRIVATE LIMITED

Ganpati Builders & Services Private Limited amalgamated with the company with effect from 1st April, 1996 under the provisions of sections 391 & 394 of the Companies Act, 1956. The certified copy of the Order dated 23.7.97 of the Hon'ble Calcutta High Court approving the scheme of amalgamation was received on 6.10.97 and the same was filed with the Registrar of Companies, West Bengal on 17.10.97. As per the provisions of Section 391(3) of the Companies Act, 1956, the Order of the Court approving such scheme has no effect until a certified copy of the Order has been filed with the said Registrar. As a result, the effect of merger was given after 17.10.1997 merging the accounts retrospectively from 01.04.1996 as stated above. As per the scheme of merger the registered shareholders of the Ganpati Builders & Services Private Limited were allotted Equity shares in the company in the ratio of 1:1.

4. MERGED BALANCE SHEET

In view of the fact that the Order of the Hon'ble High Court at Calcutta was received

by the company after the annual accounts and Balance Sheet as at 31.03.97 were approved by the members of the company at the last annual general meeting, effect of the amalgamation could not be given when the accounts were prepared and audited. Accordingly, a revised Balance Sheet and Profit & Loss Account of the company for the year ended 31st March, 1997, incorporating accounts of the amalgamating company is being put up for approval of the members of the company at the ensuing Annual General Meeting.

5. AUDITORS' REPORT

The note number 7 of Schedule Q forming part of Accounts referred to in the Auditors' Report is self - explanatory as explained in the second para thereof.

6. DIRECTORS

Shri R K Choudhary, Shri B L Taparia and Shri Uma Nath Sadhu, Directors of the company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

7. AUDITORS

M/s Chaturvedi & Co., Chartered Accountants of the Company, who retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

8. PARTICULARS OF EMPLOYEES

Statement of Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 as amended read with the Companies (Particulars of Employees) Rules, 1975 is appended in the Annexure to this report.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

No disclosure is required to be given under Section 217(1)(e) of the Companies Act, 1956. The Company has so far not undertaken any research and developments of any technology in the areas relating to the Company's business.

During the year under review, Foreign exchange earnings amounted to Rs. 0.98 lacs (Previous Year - Rs. 9.36 lacs) and outgo in foreign exchange was Rs. 1.19 lacs (Previous Year -Rs. 6.51 lacs).

10. INCREASE IN THE AUTHORISED CAPITAL

To enable your Company to raise further capital by issue of equity shares and such other shares as your directors may decide, as and when deemed fit, it is proposed to increase the Authorised Capital to Rs. 15 Crores and to divide the Authorised Capital into equity share capital of Rs. 10 Crores and Preference Share Capital of Rs. 5 Crores and consequently to alter the Clause V of the Memorandum of Association of the Company in accordance with the provisions of Section 16 and 94 of the Companies Act, 1956. Resolutions seeking approval for making the above changes are being placed at the ensuing Annual General Meeting.

11. PROPOSED RIGHTS ISSUE

To meet the part cost of future expansion, and to reduce the interest cost your Directors propose to come out with Rights Issue of equity shares in proportion of one new equity share for every equity share held or in such other ratio as they deem fit. The detailed terms and conditions will be decided by the Board.

12. CHANGE IN THE NAME

The present name of the company does not reflect its main business of operating hotels. Moreover, as the Company has plans to set-up a chain of hotels in the future, change in the name of the company which would indicate the main thrust of the company in hotel business was considered appropriate. Accordingly, the proposed new name being proposed is GGL HOTEL AND RESORT COMPANY LIMITED and the company has already filed application with the Registrar of Companies to ascertain the availability of the proposed name. Once the required confirmation from the Registrar of Companies as regards availability of name is obtained it would be necessary for the members to pass a 'Special Resolution' approving the proposed name, subject to the approval of the Central Government.

13. ACKNOWLEDGEMENT

Your Directors take this opportunity to express their appreciation and deep sense of gratitude to Tourism Finance Corporation of India Limited, West Bengal Industrial Development Corporation Limited, Department of Tourism, Bankers, Housing finance Companies and Local authorities for their continued guidance and support. Your Directors are especially grateful to the Government of West Bengal for their support to our project.

Your Directors place on record their deep appreciation of the good work put in by the executives and staff at all levels in the company.

For and on behalf of the Board

Place : Calcutta
Date : 27th June, 1998

HARSHAVARDHAN NEOTIA
Chairman

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1998.

Employed throughout the year

Name of Employee	Age (Years)	Designation/ Nature of job	Qualification	Experience (No. of years)	Remuneration (Rs.)	Date of commencement	Last Employment	
							Name of the Company	Designation
Mandip S. Lamba	35	General Manager	B.Com., Diploma in Hotel Management	14	470,000	27.01.97	Holiday Inn Jaipur	General Manager
Pradip Jyoti Agrawal	36	Chief Executive	B.Com., ACA	13	326,200	06.12.89	Radha Kishen Bimal Kumar Ltd.	Corp. V.P. (Fin & A/C)

AUDITORS' REPORT

To the Members

We have audited the attached Balance Sheet of GANPATI GREENFIELDS LIMITED as on 31st March, 1998 and the Profit & Loss Account for the year ended on that date, both annexed hereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms and section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we state that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from the examination of those Books.

- (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
- (d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account, subject to profit of Rs. 20882082/- being taken into account on sale of immovable properties before execution of conveyance deed and clearance as referred to in Note No. 7 and read together with other Notes in Schedule-Q, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998 and
 - (ii) in so far as it relates to the Profit and Loss Account, of the profit of the company for the year ended on that date.

for CHATURVEDI & COMPANY
Chartered Accountants

Place : Calcutta
Date : 27th June, 1998

Nilima Joshi
Partner

ANNEXURE AS REFERRED IN PARAGRAPH - 1 OF OUR REPORT OF EVEN DATE

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the Management during the period which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on verification.
- ii) None of the fixed assets have been revalued during the period.
- iii) The stocks of goods, stores and raw materials of the Company have been physically verified by the Management and procedures are reasonable and adequate in relation to the size of the company and nature of its business. The discrepancies between the physical stocks and the book stocks which have been properly dealt with in the books of accounts, were not material. In our opinion, the valuation of stock of goods, stores and raw materials has been fair and proper and in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
- iv) The Company has taken unsecured loans from company and party listed in the register maintained under section 301 of the Companies Act, 1956, and from a company under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956. The rate of interest and terms and conditions whereof are not prejudicial to the interest of the Company.
- v) The Company has not granted unsecured loans to companies or other parties listed in the register maintained under section 301 and/or to the companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
- vi) Parties including employees to whom loans or advances in the nature of loans have given by the Company, are repaying the same as stipulated along with interest wherever applicable.
- vii) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, including components, plant and machinery, equipment and other assets.
- viii) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts of arrangement entered in the register maintained under section 301 and aggregating during the year to Rs. 50,000/- (Rupees Fifty thousand) or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices of which transactions for similar goods or services have been made with other parties.

- ix) The Company has a system of determining unserviceable or damaged stores, raw materials or goods on the basis of technical evaluation and on the aforesaid basis, in our opinion, adequate amounts have been written off from such stocks in the accounts.
- x) The company has accepted deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the rules framed thereunder and in our opinion and according to the information and explanations given to us the company has complied with the provisions of section 58A of the Companies Act, 1956.
- xi) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- xii) The Central Government has not proscribed, under section 209 (1)(d) of the Companies Act, 1956, maintenance of cost records by the Company.
- xiii) The company has generally been regular in depositing Provident Fund dues of the employees and the Employees State Insurance Act is not applicable to the company, as informed to us.
- xiv) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 1998 for a period of more than six months from the date they became payable.
- xv) According to the information and explanation given to us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- xvi) The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xvii) In our opinion, the company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its business. In our opinion, there is a reasonable system of authorisations at proper levels on issue of stores and allocation of stores to the operating departments and there is a system of internal control commensurate with the size of the company and the nature of its business.
- xviii) As informed to us, there has been no damaged goods with respect to trading activities.

for CHATURVEDI & COMPANY
Chartered Accountants

Place : Calcutta
Date : 27th June, 1998

Nilima Joshi
Partner

GANPATI GREENFIELDS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 1998**

	Schedule	As at 31st March, 1998 (Rs. in Lacs)	As at 31st March, 1997 (Rs. in Lacs)
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	A	350.00	350.00
Reserves & Surplus	B	64.07	35.86
LOAN FUNDS			
a) Secured	C	1,478.13	1,434.86
b) Unsecured		993.78	908.28
TOTAL		2,885.98	2,729.00
APPLICATION OF FUNDS			
FIXED ASSETS			
a) Gross Block	D	2,303.91	209.01
b) Less: Depreciation		79.74	29.60
c) Net Block		2,224.17	179.41
d) Capital Work in Progress		103.16	1,823.73
		2,327.33	2,003.14
INVESTMENTS	E	61.08	61.02
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	F	2,354.88	2,000.16
Sundry Debtors	G	123.00	21.13
Cash & Bank Balances	H	49.85	69.35
Other Current Assets	I	1.70	0.21
Loans & Advances	J	140.88	209.51
		2,670.31	2,300.36
CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	K	2,168.74	1,635.64
Provisions		4.11	—
		2,172.85	1,635.64
Net Current Assets		497.46	664.72
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
Preliminary expenses		0.11	0.12
TOTAL		2,885.98	2,729.00
Notes forming part of the Accounts	Q		

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998

	Schedule	For the year ended 31.03.98 (Rs. in Lacs)	For the year ended 31.03.97 (Rs. in Lacs)
INCOME			
Turnover	L	1,331.31	258.37
Other Income	M	21.52	10.86
		1,352.83	269.23
EXPENDITURE			
Expenses	N	1,297.78	711.32
Interest	O	377.32	138.78
Depreciation		70.81	11.98
(Increase) / Decrease in Work-in-Progress	P	(424.60)	(615.56)
		1,321.31	246.52
PROFIT BEFORE TAX		31.52	22.71
Less : Provision for Taxation		3.31	3.32
PROFIT FOR THE YEAR		28.21	19.39
Balance as per last Account		35.86	16.47
Balance Carried to Balance Sheet		64.07	35.86
Notes forming part of the Accounts	Q		

As per our attached Report of even date For and on behalf of the Board

For CHATURVEDI & COMPANY
Chartered AccountantsNilima Joshi
PartnerPlace : Calcutta
Date : 27th June, 1998Harshavardhan Neotia
B. D. Sureka } DirectorsPlace : Calcutta
Date : 27th June, 1998

As per our attached Report of even date

For and on behalf of the Board

For CHATURVEDI & COMPANY
Chartered AccountantsNilima Joshi
PartnerPlace : Calcutta
Date : 27th June, 1998Harshavardhan Neotia
B. D. Sureka } DirectorsPlace : Calcutta
Date : 27th June, 1998

GANPATI GREENFIELDS LIMITED

**SCHEDULES 'A' TO 'Q' ANNEXED TO AND FORMING
PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS
ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998**

	As at 31st March, 1998 Rs. in Lacs	As at 31st March, 1997 Rs. in Lacs
SCHEDULE 'A' - SHARE CAPITAL		
Authorised		
50,00,000 equity shares of 10 each	500.00	500.00
Issued, Subscribed & Paid-up		
35,00,000 equity shares of Rs.10/- each fully paid-up (including 79,020 and 2,50,000 equity shares of Rs. 10/- each issued for consideration other than cash pursuant to the schemes of amalgamation respectively of Ganpati Grasslands Pvt. Ltd. and Ganpati Builders and Services Pvt. Ltd.) [Out of the above 32,32,460 Equity Shares are held by the holding Company, Gujarat Ambuja Cements Limited]	350.00	350.00
SCHEDULE 'B' - RESERVES & SURPLUS		
Surplus as per annexed Profit and Loss Account	64.07	35.86

SCHEDULE 'C' - LOAN FUNDS**Secured Loans**

From:

Tourism Finance Corporation of India Ltd.	855.00	855.00
(Secured by an equitable mortgage of immovable properties & hypothecation of movable assets other than inventory & book debts at the resort hotel at Raichak)		
Housing Development Finance Corporation Ltd. (Secured by an equitable mortgage of land and structures of Mallika Project)	250.00	260.00
SBI Home Finance Ltd.	80.00	100.00
(Secured by an equitable mortgage of land and structures of Pakhralaya Project and also guaranteed by a director)		

SCHEDULE 'C' - LOAN FUNDS (Contd.)

Jenson & Nicholson Financial Services Ltd.	—	92.00
(Secured by an equitable mortgage of land and structure under construction for staff housing)		
GRUH Finance Ltd.	79.56	125.00
(Secured by an equitable mortgage of 1/5 th share of office complex under construction Hometrust Housing Finance Co.Ltd.	75.00	—
(Secured by an equitable mortgage of land and buildings of staff housing at Raipukurhat, Raichak)		
Srei Home Finance Limited	50.00	—
(Secured by an equitable mortgage of property at Kalicharanpur, Raichak)		
Citi Bank	2.82	—
(Net of unexpired interest on loan Rs.1,08,700 Previous Year Rs. Nil) (Secured by hypothecation of a car)		
Magma Leasing Ltd.	1.96	2.86
(Net of unexpired interest on hire purchase Rs. 44,413 , Previous Year Rs. 1,06,182) (Secured by hire purchase agreement)		
Cash Credit from Banks		
State Bank of India	31.27	—
(Secured by hypothecation of inventories of stocks, stores , provisions and such other movable items and book debts of the company's resort hotel at Raichak and second charge over all immovable properties and movable assets thereat).		
Allahabad Bank	52.52	—
(Secured by hypothecation of inventories of stocks, stores, and such other movable items and book debts of the company's Interior Division , Aakaar)		
	1,478.13	1,434.86
Unsecured Loans		
30-year Deposit (From members of Magna Charta Club)	130.20	94.62
From Holding Company	400.00	800.00
Fixed Deposits	4.25	3.56
From a director	9.00	3.50
From Other Body Corporates	450.33	6.60
	993.78	908.28

SCHEDULE 'D' - FIXED ASSETS

DESCRIPTION	GROSS BLOCK (at cost)				DEPRECIATION				NET BLOCK	
	As on 31st March, 1997 Rs. in lacs	Addition During the year Rs. in lacs	Sale/ Adjustment Rs. in lacs	As on 31st March, 1998 Rs. in lacs	Up to 31st March, 1997 Rs. in lacs	During the year Rs. in lacs	Adjust- ment Rs. in lacs	Up to 31st March, 1998 Rs. in lacs	As on 31st March, 1998 Rs. in lacs	As on 31st March, 1997 Rs. in lacs
Land (including Development Cost)	41.82	92.82	—	134.64	—	—	—	—	134.64	41.82
Building	35.13	1,179.08	—	1,214.21	1.13	16.15	—	17.28	1,196.93	34.00
Plant & Machinery	6.23	510.92	—	517.15	0.75	22.50	—	23.25	493.90	5.48
Furniture & Fixtures	24.97	167.92	—	192.89	3.62	14.09	—	17.71	175.18	21.35
Vehicles	26.06	3.71	16.60	13.17	5.57	1.50	4.94	2.13	11.04	20.49
Office Equipments	52.54	33.79	32.54	53.79	15.91	7.59	15.43	8.07	45.72	36.63
Electrical Installation	22.26	159.05	3.25	178.06	2.62	8.98	0.30	11.30	166.76	19.64
TOTAL (Rs.)	209.01	2,147.29	52.39	2,303.91	29.60	70.81	20.67	79.74	2,224.17	179.41
Previous Year	154.17	51.63	0.42	205.38	16.76	11.82	0.13	28.45	176.93	137.41
Capital Work-in-Progress	1,823.73	397.24	2,117.81	103.16	—	—	—	—	103.16	1,823.73
Previous Year	882.40	987.20	45.87	1,823.73	—	—	—	—	1,823.73	

GANPATI GREENFIELDS LIMITED**SCHEDULE 'E' - INVESTMENTS (AT COST)**

Name of Company	Nos.	As at 31st March, 1998 Rs. in Lacs	Nos.	As at 31st March, 1997 Rs. in Lacs
QUOTED:				
A. Equity Shares of Rs.10 each fully paid up				
Indian Petrochem Corp. Ltd.	100	0.16	100	0.16
Balarampur Chini Mills Ltd.	100	0.01	40	0.01
Ansal Housing & Construction Ltd. ...	800	0.06	360	0.06
Dadha Hewlett Industries Ltd.	100	0.01	100	0.01
Batlboi & Co. Ltd.	100	0.02	100	0.02
Hindustan Motors Ltd.	1,146	0.14	1,000	0.14
Can Shares	196	0.01	196	0.01
The Bombay Silk Mills Ltd.	135	0.03	135	0.03
PCS Industries Ltd.	69	0.02	69	0.02
Ispat Alloys Ltd.	178	0.04	178	0.04
Gujarat Hotels Ltd.	100	0.01	100	0.01
Geekay Exim (India) Ltd.	280	0.01	280	0.01
All Seasons Foods Ltd.	45	0.00	45	0.00
Mazda Enterprises Ltd.	200	0.02	200	0.02
Tata Iron & Steel Ltd.	22	0.02	22	0.02
KEC International Ltd.	94	0.02	94	0.02
Max India Ltd.	20	0.02	20	0.02
Reliance Petroleum Ltd.	100	0.04	100	0.04
Uniworth International Ltd.	50	0.02	50	0.02
Woolworth India Ltd.	50	0.03	50	0.03
Total		0.69		0.69

B. Secured Debentures

(i) Non-Convertible Debentures				
Continental Construction Ltd. (F.V. Rs. 100)	40	0.03	26	0.03
Dynamatic Forgings India Ltd. (F.V. Rs. 100)	24	0.02	24	0.02
Hindustan Motors Ltd. (F.V. Rs. 20)	100	0.02	100	0.04
The Bombay Silk Mills Ltd. (F.V. Rs. 100)	10	0.01	10	0.01
Garden Silk Mills Ltd. (F.V. Rs. 35)	20	0.01	20	0.01
PCS Industries Ltd. (F.V. Rs. 100)	20	0.02	20	0.02
Indian Aluminium Co. Ltd. (F.V. Rs. 300)	20	0.06	20	0.06
Electrosteel Castings Ltd. (F.V. Rs. 100)	100	0.02	100	0.02
Tata Iron & Steel Ltd.- SPNS (F.V. Rs. 225)	17	0.04	0	0.00
Total		0.23		0.21

(ii) Convertible Debentures				
Deepak Fertilizers & Petrochemicals Corporation Ltd.(F.V. Rs. 50)	75	0.04	75	0.04
Reliance Petroleum Limited (F.V. Rs. 40)	100	0.04	0	-
Total		0.08		0.04

Aggregate amount of quoted investments (X) **1.00** 0.94

UNQUOTED :

Equity Shares of Rs.10 each fully paid up				
Synergy Art Foundation Ltd.	500	0.05	500	0.05
Sundarban Fertilizers Ltd.	200	0.02	200	0.02
Mahindra Housing & Finance Ltd.	100	0.01	100	0.01
Ganapati Parks Ltd.	600,000	60.00	600,000	60.00
Total		60.08		60.08

Aggregate amount of unquoted investments (Y) **60.08** 60.08

Grand Total (X)+(Y) **61.08** 61.02

Market value of quoted investments .. **1.22** 0.72

Note : During the year the company purchased the following investments :

Name of the Company	Nos.	Purchase Cost Rs. in Lacs
Reliance Petroleum Ltd.	100	0.04
TISCO Ltd.	17	0.04

As at 31st
March, 1998
Rs. in Lacs

As at 31st
March, 1997
Rs. in Lacs

SCHEDULE 'F' - INVENTORIES (At cost)

(As taken, valued and certified by the Management)

Work-in-Progress	2,292.54	1,901.70
Construction materials & stores	49.05	98.46
Food & Beverage , Stores & Supplies including Linen	13.29	—
	2,354.88	2,000.16

SCHEDULE 'G' - SUNDRY DEBTORS

(Unsecured, considered good)

Debts due for more than six months	16.57	20.53
Others	106.43	0.60
	123.00	21.13

SCHEDULE 'H' - CASH & BANK BALANCES

Cash balance on hand	1.55	1.58
Balance with Scheduled Banks in :		
Current account	31.10	60.87
Fixed Deposit account	17.20	6.90
	49.85	69.35

SCHEDULE 'I' - OTHER CURRENT ASSETS

Interest accrued on fixed deposits	1.65	0.14
Application money for investments	0.05	0.07
	1.70	0.21

SCHEDULE 'J' - LOANS & ADVANCES

(Unsecured, considered good)

Loans	6.46	56.87
Advances	95.06	137.79
(recoverable in cash or in kind or for value to be received or pending adjustment)		
Deposits	25.52	2.08
Tax Deducted at Source	20.55	16.39
Provision for Tax	(6.71)	(12.77)
	140.88	209.51

SCHEDULE 'K' - CURRENT LIABILITIES

Advances from customers	1,355.07	1,251.91
Bills Payable	197.13	30.22
Sundry creditors for goods , services , and expenses	261.27	205.83
Other liabilities	262.59	88.34
Interest accrued but not due on loans	89.64	43.07
Bank Overdraft	3.04	16.27
	2,168.74	1,635.64

For the
year ended
31.03.98
Rs. in Lacs

For the
year ended
31.03.97
Rs. in Lacs

SCHEDULE 'L' - TURNOVER

Room, Restaurant, Banquet and Other Services	116.77	—
Food and Beverage Sales	118.56	—
Sale of Real Estate	565.35	194.10
Income from Construction Contracts	273.25	—
Sale of Furniture	6.38	—
Turnover of Interior and Landscaping Divisions	226.99	51.17
Design Consultancy Fee	24.01	13.10
	1331.31	258.37

SCHEDULE 'M' - OTHER INCOME

	For the year ended 31.03.98 Rs. in Lacs	For the year ended 31.03.97 Rs. in Lacs
Interest (Gross, TDS Rs.29,576, Previous Year -Rs. 1,09,345)	2.36	5.01
Dividend(Gross, TDS Rs. Nil, Previous Year - Rs.3,185)	0.03	0.15
Miscellaneous Receipts	19.13	5.70
	<u>21.53</u>	<u>10.86</u>

SCHEDULE 'N' - EXPENSES

Direct Operating Expenses		
Land, Development & Construction Expenses	582.89	458.46
Expenditure of Interior Division	150.63	24.43
Expenditure of Landscaping Division ..	22.03	8.13
Food & Beverage Consumed	56.54	—
Stores and Supplies including Linen Consumed	10.63	—
Uniform Expenses	2.95	—
Other Direct Operating Expenses	32.07	—
Expenses on Employees :		
Salary & Allowances	101.09	49.34
Contribution to PF	5.89	3.46
Staff Welfare Expenses	11.60	11.79
Other Expenses :		
Lease Rental	10.84	—
Printing & Stationery	4.70	3.06
Advertisement & Publicity	32.61	3.90
Power & Fuel	60.43	4.64
Telephone Charges	19.14	4.06
Consultancy & Retainership Fees	10.12	16.85
Travelling & Conveyance	17.00	7.73
Hire Charges	6.43	2.63
Repairs to Plant & Machinery	7.52	1.00
Repairs to Building	2.54	0.31
Repairs - Others	8.00	9.66
Insurance	4.30	1.73
Rent	12.79	—
Rates & Taxes	1.98	13.36
Coolie and Cartage	3.27	3.41
Security Service Charges	0.82	6.62
Bill Discounting Charges	35.87	38.47
Payment to Auditors		
As Auditors	0.45	0.30
For Tax Audit	0.08	0.08
For other Matters	0.31	0.05
Preliminary Expenses written off	0.02	0.02
Miscellaneous Expenses	76.39	37.83
Loss on sale of Fixed Assets	5.85	—
	<u>1297.78</u>	<u>711.32</u>

SCHEDULE 'O' - INTEREST

On Fixed Loans	290.45	92.45
Others	86.87	46.23
	<u>377.32</u>	<u>138.78</u>

**SCHEDULE 'P' - (INCREASE)/DECREASE IN
WORK-IN-PROGRESS**

Opening Balance	1867.94	1286.14
Less : Closing Balance	2292.54	1901.70
	<u>(424.60)</u>	<u>(615.56)</u>

SCHEDULE 'Q' - NOTES FORMING PART OF THE ACCOUNTS**1. ACCOUNTING POLICIES :****A) System of Accounting :**

The Company follows the mercantile system of accounting on Historical Cost convention recognising income and expenditure on the accrual basis.

B) Fixed Assets :

- 1) Fixed Assets are stated at their original cost of acquisition / installation.
- 2) Capital Work in Progress is stated at amount expended upto the date of the Balance Sheet.

C) Depreciation :

Depreciation on fixed assets has been provided on Straight Line Method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

D) Expenditure during construction period :

Expenditure incurred on the hotel project which was treated as pre-operative expenses and shown under capital work in progress in earlier years has been capitalised and apportioned on commencement of commercial operation of the hotel during the year.

E) Investments :

Investments are valued at the cost of acquisition. All investments are long term in nature.

F) Preliminary Expenses :

Preliminary expenses are written off over a period of 10 years.

G) Contingent Liabilities:

Contingent Liabilities are not accounted for in books of accounts.

H) Revenue Recognition:

(i) The Company follows completed contract method of accounting in respect of its construction activity relating to its project. Under this method, the profit in respect of unit sold is recognised only when the work in respect of the relevant unit is completed and possession taken by the buyer.

(ii) For land including developed land, revenue is recognised on conveyance of the property.

(iii) In case of sale of buildings and flats, inclusive of rights in land in respect thereof, profit is accounted for on receipt of full consideration and giving of possession to the purchaser, pending execution of conveyance.

(iv) Architectural consultancy, services & maintenance contracts are accounted on completed contract method

(v) In respect of Hotel Division sales and services are stated net of discount and exclusive of taxes except sales tax.

I) Inventory:

Construction materials, food & beverages and stores & supplies are valued at cost.

J) Work in Progress:

Work in progress are valued at estimated costs consisting of land cost, construction, development, administration expenses and reasonable portion of salaries and other expenditure incurred at head office.

2. During the year the company entered into sale and lease back agreement in respect of certain assets. The future lease rental obligation in respect of this is Rs. 21.69 Lacs.

3. The Company had made a petition to the Hon'able Calcutta High Court for merger of Ganpati Builders & Services Private Limited in it w.e.f. 1st April, 1996. The effect of merger has been given vide Order of High Court dated 06.10.1997. Previous year figures includes figures of amalgamated company.

4. Contingent Liabilities:

(i) Bank Guarantee issued by the Bankers of the Company - Rs. 16.89 Lacs (Previous year - Rs. 6.90 Lacs).

(ii) Estimated amount of contracts remaining to be executed on capital account - Rs. 1.35 Lacs (Previous Year - Rs. 23.08 Lac).

(iii) Demand raised by Income Tax Department, currently under appeal - Rs. 2.76 Lacs.

(iv) Interest/penal interest for delayed/non payment of Expenditure Tax, Luxury Tax, Entertainment Tax & Service Tax being indeterminate has not been provided for.

5. Interest on money borrowed for Hotel Project against security of the project was debited to Capital Work in Progress and capitalised on commissioning of the Hotel in phases. Interest on other borrowed funds used for Hotel Project amounting to Rs. 111.57 Lac for earlier years remaining debited in Work in Progress of Real Estate Division has also been capitalised as cost of Hotel on its commissioning.

6. Capital Work in Progress of Rs. 77.81 Lacs as on 31.03.97 of amalgamating company has been transferred and treated as trading assets.

7. Profit of Rs. 208.82 Lacs has been booked during the year on sale of immovable properties held as stock in trade against which full sale consideration has been received against agreement of sale pending execution of registered conveyance deed and receipt of NOC from Appropriate Authority under Chapter XXC of the Income Tax Act wherever applicable and release of charge. The Company has since received the certificate of release of charge from the creditor.

Such sale has been booked to reflect the de facto transactions in recognition of the company's obligation under the agreement of sale as full sale consideration was received even though technical requirements were pending.

8. Balances with scheduled banks includes Fixed Deposit of Rs. 17.20 Lacs lodged as security for availing bank guarantee (Previous Year - Rs. 6.90 Lacs).

9. Income related to previous year credited to Profit & Loss Account is Rs. 0.26 Lacs (Previous Year - Rs. Nil).

GANPATI GREENFIELDS LIMITED**SCHEDULE 'Q' - NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

10. Sundry Debtors include:

- (i) Amounts due from companies under the same management under Section 370(1B).

Name of Company	Maximum Amount Outstanding during	
	31-3-1998 (Rs. in Lacs)	31-3-1997 (Rs. in Lacs)
Bengal Ambuja Housing Development Ltd.	0.66	0.71
Hometrust Housing Finance Company Ltd.	0.78	—
		0.78
		0.53

- (ii) Amounts due from Private Limited Companies in which directors are members

Gajraj Estates Pvt. Ltd.	2.15	2.15
Industrial Fuel Co. Pvt. Ltd.	1.40	1.40
Choicest Enterprises Pvt. Ltd.	4.77	5.97

11. Loans and Advances include:

- Advances due from private limited companies/partnership firms in which directors are members/partners

Industrial Fuel Co. Pvt. Ltd.	1.51	1.51
Khaitan & Co.	0.25	0.25

12. Information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956 :

- (i) QUANTITATIVE DETAILS :

- (a) Real Estate & Interior Divisions:

Particulars	Numbers	Area/Value (Rs. in Lacs)
Sale of Farm Plots	7 (16)	13832 Sq. Yards (38300 Sq. Yards)
Consideration for farm house construction	21	41468 Sq. Fts.
Interior Division Turnover	—	273.25 189.80 (40.70)
Sale of Mallika Units	2	4206 Sq. Fts.
Landscaping Div. Turnover	—	40.50 37.19 (10.47)
Sale of Furniture	—	6.38
Design Consultancy Fees	—	24.01 (13.10)
Sale of Vishwakarma Unit	—	9450 Sq.Ft.
Sale of ITC Land	—	40 Bighas 14 Cks.
		246.75 80.00

Note: Figures within parentheses are for the previous year (31.03.97)

- (b) Since the business of running a hotel involves cooking various types of food stuffs, it was not possible to give quantitative information as required under Part II of Schedule VI of the Companies Act, 1956 in that respect.

- (ii) During the year C.I.F Value of Imports, with respect to Capital Goods was Rs.19.95 Lacs (Previous Year - Rs. NIL).

- (iii) Expenditure incurred in foreign currency - Rs. 1.19 Lacs (Previous Year - Rs.10.02 Lacs).

Particulars	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Towards Professional Fees	Nil	0.72
Towards foreign travel	1.19	0.38
Towards Licence Fees	Nil	8.92

- (iv) Foreign Currency Income during the year was Rs. 0.98 Lacs (Previous Year - Rs. Nil)

- (v) Raw materials, spare parts & components consumed :

a) Food & Beverage :		
Indigenous	Rs. 56.53 Lacs	100%
Imported	Rs. Nil	—
b) Stores & Supplies including Linen:		
Indigenous	Rs. 10.40 Lacs	100%
Imported	Rs. Nil	—

13. Figures have been rounded off to the nearest rupee.

14. Figures of previous year have been regrouped and rearranged wherever necessary.

Signatories to Schedule 'A' to 'Q'

As per our attached Report of even date

For and on behalf of the Board

For CHATURVEDI & COMPANY

Chartered Accountants

Nilima Joshi
PartnerHarshavardhan Neotia
B. D. Sureka } DirectorsPlace : Calcutta
Date : 27th June, 1998Place : Calcutta
Date : 27th June, 1998**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No.				4	4	4	7	5	State Code	2	1
Balance Sheet Date	3	1	0	3	9	8			Date	Month	Year

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue				N	i	l	Rights Issue				N	i	l
Bonus Issue				N	i	l	Private Placement				N	i	l

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	2	8	8	5	9	8	Total Assets	2	8	8	5	9	8
Sources of Funds							Reserves & Surplus						
Paid-up Capital		3	5	0	0	0		6	4	0	7		
Secured Loans	1	4	7	8	1	3	Unsecured Loans		9	9	3	7	8
Application of Funds							Investments			6	1	0	8
Net Fixed Assets	2	3	2	7	3	3	Misc. Expenditure				1	1	
Net Current Assets		4	9	7	4	6							

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	1	3	3	1	3	1	Total Expenditure	1	3	2	1	3	1
+/- Profit/Loss Before Tax							+/- Profit/Loss After Tax						
	+		3	1	5	2		+		2	8	2	1

(Please tick appropriate box + for Profit - for Loss)

Earning Per Share in Rs.			0	.	8	1	Dividend Rate %				N	i	l
--------------------------	--	--	---	---	---	---	-----------------	--	--	--	---	---	---

V. Generic Name of Principal Product of Company

Item Code No.	—	
(ITC Code)		
Product Description	Real Estate, Hotel and Interior Design	

For and on behalf of the Board

Harshavardhan Neotia
B. D. Sureka } DirectorsPlace : Calcutta
Date : 27th June, 1998

GACL FINANCE LIMITED**DIRECTORS' REPORT**

To the Members,
The Directors hereby present the Ninth Annual Report alongwith Audited Accounts for the year ended on 30th June, 1998.

1. FINANCIAL RESULTS

During the year, your Company has managed to earn a profit of Rs.23.25 lacs as against the loss of Rs. 9.54 lacs in the previous year in spite of prolonged bearish capital market conditions.

The highlights of the financial results for the year ended 30th June, 1998 are :-

	Current Year 1997-98 (Rs. in lacs)	Previous Year 1996-97 (Rs. in lacs)
Gross Income	270.49	817.19
Profit/(Loss) before Taxation	23.25	(9.54)
Provision for Tax	0.70	—
Profit/(Loss) after Taxation	22.55	(9.54)
Add : Adjustment for previous year	3.79	—
Balance brought forward from previous year	59.32	68.86
Balance available for appropriation	85.66	59.32
Appropriations :		
Transfer to Reserve Fund pursuant to Section 45-IC(1) of Reserve Bank of India Act, 1934	4.51	—
Proposed Dividend	4.80	—
Provision for Corporate Dividend Tax	0.48	—
Balance carried forward	75.87	59.32
	85.66	59.32

2. DIVIDEND

The Directors are pleased to recommend a dividend of Re.1/- per share. (Previous year Rs. Nil) for the year ended 30th June, 1998. The dividend amount will absorb Rs.4.80 lacs and Rs.0.48 lac towards dividend tax.

3. DIRECTORS

Shri B. L. Taparia and Shri R. R. Darak, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

4. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the year.

5. AUDITORS

M/s. Narayan Pasari & Co., Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

6. EMPLOYEES

The Company had no employees getting salary more than limits specified in Section 217 (2A) of the Companies Act, 1956.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The relevant information to be given pursuant to Section 217 (1) (e) of the Companies Act, 1956 is not given as the same is not applicable.

On behalf of Board of Directors

Place : Mumbai
Date : 15th July, 1998

B. L. Taparia A. C. Singhi
Director Director

AUDITORS' REPORT

TO THE MEMBERS OF GACL FINANCE LIMITED

We have audited the attached Balance Sheet of GACL FINANCE LIMITED as at 30th June, 1998 and also the annexed Profit & Loss Account of the Company for the year ended on that date and report thereon as under :

- As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph (1) above, we report that :
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion proper Books of Accounts as required by Law have been kept by the Company so far as appears from our examination of those Books.
 - The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account.

(d) We further report as under :

Reference is invited to Note No. 3 in Schedule 'J' to the accounts relating to provision for taxation in respect of the profits for the three months ended 30th June, 1998.

(e) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view :-

- in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 1998 and
- in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For NARAYAN PASARI & CO.,
Chartered Accountants

Place : Mumbai
Dated : 15th July, 1998

Narayan Pasari
Proprietor

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (1) of our Report of even date)

On the basis of such checks, as we considered appropriate and as per the information and explanations given to us, we further report as under :-

- The Company has maintained proper records showing the full particulars including quantitative details and situation of fixed assets. These assets have been physically verified at reasonable intervals by the management during the year. No material discrepancies were noticed on such verification.
- None of the fixed assets have been revalued during the year.
- The Stocks of shares and securities have been physically verified by the management at reasonable intervals during the year.
- The procedure followed by the management for physical verification of stocks is reasonable and adequate in relation to the size of the Company and the nature of its business.
- No material discrepancies have been noticed on physical verification of stocks as compared to book records in so far as it appears from our examination of the books.
- In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- The Company has taken an unsecured loan from the Holding Company, which has been repaid during the year. The rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the company. The company has not taken any other loans, secured or unsecured from companies, firms or other parties as listed in the Register maintained under Section 301 and from companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
- The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 and to companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
- The parties to whom loans have been given by the Company are repaying the principal amounts as stipulated and have also been regular in payment of interest.
- In our opinion there is an adequate internal control procedure commensurate with

the size of the Company and nature of its business for the purchase and sale of shares & securities.

- The Company has no transactions of purchase or sale of shares and securities in excess of Rs. 50,000/- in value from parties entered in the register maintained U/s. 301 of the Companies Act, 1956 and hence there does not arise any question of reasonability of prices paid or received.
- In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- The Company has not accepted any deposits from public.
- On the basis of the records of the Company there was no undisputed amounts payable in respect of Income tax and Sales tax which have remained outstanding as at 30th June, 1998 for a period of more than six months from the date it became payable. We have been informed that the laws under Wealth Tax, Customs Duty and Excise Duty do not apply to the Company.
- There are no personal expenses charged to revenue account.
- The Company is not a sick industrial Company within the meaning of Clause (o) of Section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.
- The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- The Company is dealing/trading in shares & securities and proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares & securities have been held by the Company in its own name, except to the extent of exemption granted under Section 49 of the Companies Act, 1956.
- In our opinion and taking in to consideration the nature of business of the Company other clauses of the said Order are not applicable to the Company for the year under audit.

For NARAYAN PASARI & CO.,
Chartered Accountants

Place : Mumbai
Dated : 15th July, 1998

Narayan Pasari
Proprietor

GACL FINANCE LIMITED**BALANCE SHEET AS AT 30TH JUNE, 1998**

		As at 30.6.98	As at 30.6.97
	Schedule	Rs. in lacs	Rs. in lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	48.00	48.00
Reserves and Surplus	B	129.75	108.69
		<u>177.75</u>	<u>156.69</u>
TOTAL		<u>177.75</u>	<u>156.69</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	C	1.80	28.09
Less: Depreciation		1.17	22.67
Net Block		<u>0.63</u>	<u>5.42</u>
INVESTMENTS	D	18.54	23.54
CURRENT ASSETS, LOANS & ADVANCES			
Current Assets :			
Inventories	E	92.15	102.85
Sundry Debtors (Unsecured, considered good)			
Debt outstanding for less than six months		—	1.25
Cash and Bank Balances	F	16.19	19.56
Other Current Assets			
Dividend/Interest Receivable		0.19	0.16
Loans & Advances	G	56.18	36.23
		<u>164.71</u>	<u>160.05</u>
LESS : CURRENT LIABILITIES & PROVISIONS	H	6.13	32.32
NET CURRENT ASSETS		<u>158.58</u>	<u>127.73</u>
TOTAL		<u>177.75</u>	<u>156.69</u>
NOTES FORMING PART OF THE ACCOUNTS			
	J'		

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1998

		1997-98	1996-97
	Schedule	Rs. in lacs	Rs. in lacs
INCOME			
Sales		233.98	805.50
Dividends-Gross (Tax deducted at source Rs. 0.03 lacs, Previous year Rs.0.87 lacs)		7.33	3.59
Interest Received on			
Debentures-Gross (Tax deducted at source Rs. 0.01 lacs, Previous year Rs.0.01 lacs)		0.04	0.02
Others-Gross (Tax deducted at source Rs. 0.05 lacs, Previous year Rs.0.27 lacs)		0.29	1.23
Other Income		1.68	0.14
Income from Badla		31.50	11.86
Income from Brokerage		0.49	6.00
Lease Rent		5.38	8.84
Profit on Sale of Assets		0.50	—
Variation in Stocks	I	(10.70)	(19.99)
		<u>270.49</u>	<u>817.19</u>
EXPENDITURE			
Purchases		218.86	803.67
Interest		22.01	14.63
Depreciation		4.69	6.64
Auditors' remuneration			
Audit Fees		0.12	0.12
Tax Audit Fees		0.03	0.03
Other Services		0.02	—
Miscellaneous Expenses		1.51	1.64
		<u>247.24</u>	<u>826.73</u>
Profit/(Loss) for the year		23.25	(9.54)
Provision for taxation (Refer Note No.3)		0.70	—
Profit/(Loss) for the year		22.55	(9.54)
Less : Transferred to Reserve Fund in terms of Section 45-IC (1) of Reserve Bank of India Act, 1934		4.51	—
Balance of profit		18.04	(9.54)
Add : Balance as per last Account		59.32	68.86
Add : Tax relating to earlier years		3.89	—
Less: Depreciation of earlier years		0.10	—
Profit available for appropriation		81.15	59.32
Proposed Dividend		4.80	—
Provision for Corporate Dividend Tax		0.48	—
Balance Carried to Balance Sheet		<u>75.87</u>	<u>59.32</u>
NOTES FORMING PART OF THE ACCOUNTS			
	J		

As per our attached Report of even date For and on behalf of the Board

For NARAYAN PASARI & CO.,
Chartered Accountants

Narayan Pasari
Proprietor

B. L. Taparia
A. C. Singhvi } Directors

Mumbai
Date : 15th July, 1998

As per our attached Report of even date For and on behalf of the Board

For NARAYAN PASARI & CO.,
Chartered Accountants

Narayan Pasari
Proprietor

B. L. Taparia
A. C. Singhvi } Directors

Mumbai
Date : 15th July, 1998

SCHEDULES 'A' TO 'J' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1998

	As at 30.06.98 Rs. in lacs	As at 30.06.97 Rs. in lacs
SCHEDULE 'A' - SHARE CAPITAL		
AUTHORISED		
9,90,000 Equity shares of Rs.10/- each	99.00	99.00
1,000 Preference shares of Rs.100/- each	1.00	1.00
	<u>100.00</u>	<u>100.00</u>

ISSUED, SUBSCRIBED AND PAID UP

4,80,000 Equity shares of Rs.10/- each fully paid up.....	48.00	48.00
[Out of above 4,79,500(PREVIOUS YEAR 479,475) Equity Shares are held by the Holding Company, Gujarat Ambuja Cements Limited]		
	<u>48.00</u>	<u>48.00</u>

SCHEDULE 'B' - RESERVES AND SURPLUS

Reserve Fund in terms of Section 45-IC (1) of Reserve Bank of India Act, 1934		
Set aside this year	4.51	—
Share Premium Account	36.00	36.00
General Reserve	13.37	13.37
Surplus As per Profit and Loss Account	75.87	59.32
	<u>129.75</u>	<u>108.69</u>

SCHEDULE 'C' - FIXED ASSETS

(Rs. in lacs)											
GROSS BLOCK (AT COST)					DEPRECIATION			NET BLOCK			
Description	Balance As on 1.7.97	Additions	Deductions/ Transfers	Total Cost 30.6.98	Upto 30.6.97	Provided for the year	Deductions/ Transfers	As at 30.6.98	As at 30.6.98	As at 30.6.97	
Leased Assets :											
Vehicles	26.29	—	26.29	—	21.89	4.40	26.29	—	—	4.40	
Other Assets :											
Office											
Equipment	1.80	—	—	1.80	0.78	0.39	—	1.17	0.63	1.02	
TOTAL	28.09	—	26.29	1.80	22.67	4.79	26.29	1.17	0.63	5.42	
Previous											
Year's Total	28.09	—	—	28.09	16.03	6.64	—	22.67	5.42		

SCHEDULE 'D' - INVESTMENTS (At Cost)

Other Investments		
In Mutual Fund Units(Quoted) Fully Paid		
-(50,000) Boinanzas of Rs.10/- each under Festival Boinanza Growth Scheme, 1991 of BOI Mutual Fund [Market Value Rs. Nil, Previous year Rs.4.25 lacs]		
	—	5.00
In Trust Securities		
7,920 Units of Rs. 10/- each of Unit Trust of India, [Repurchase Value Rs. 1.19 lacs, Previous year Rs 1.18 lacs]		
	1.33	1.33
In Immovable Property - Premises	17.21	17.21
	<u>18.54</u>	<u>23.54</u>

SCHEDULE 'E' - INVENTORIES

(At Lower of Cost or Market Value)

Name of the Company	Number of Shares/ Debentures	Face Value Rs. per Share/ Debenture	As at 30th June, 1998 Rs. in lacs
FULLY PAID EQUITY SHARES			
— QUOTED			
Balrampur Chini Mills Limited	50 (50)	10	0.06 (0.06)
Bank of Baroda	100 (100)	10	0.08 (0.05)
[Previous year Partly Paid]			
DCL Polyester Limited	103,055 (103,055)	10	4.12 (5.82)
First Leasing Company of India Limited			
	50 (50)	10	0.01 (0.01)
Fuller KCP Limited	— (1,800)	10	— (2.51)
GRUH Finance Limited	5,000 (5,000)	10	0.48 (0.71)
Housing Development Finance	9 (9)	100	0.03 (0.03)
Corporation Limited			
The Industrial Credit & Investment	133 (133)	10	0.03 (0.04)
Corporation of India Limited			
J.M.Shares & Stock Brokers Limited	10,450 (10,450)	10	0.52 (0.54)
Metalco India Limited	10,000 (—)	10	0.25 (—)
Marico Industries Ltd.	4,100 (4,100)	10	7.18 (7.18)
Priyadarshini Cement Limited	212,700 (212,700)	10	41.69 (44.67)
PVD Plast Mould Industries Limited	175 (175)	10	0.01 (0.01)
Rama NewsPrint & Papers Limited	25,000 (25,000)	10	0.75 (0.79)
Rashtriya Chemicals & Fertilizers Limited	163,300 (163,300)	10	14.21 (14.21)
Sesa Goa Limited	35 (3,335)	10	0.03 (3.34)
United Phosphorus Limited	20 (20)	10	0.02 (0.03)
Sub - Total (I)	534,177 (529,277)		69.47 (80.00)
FULLY PAID EQUITY SHARES			
— UNQUOTED			
Ind Global Financial Trust Limited	100,000 (100,000)	10	12.50 (12.50)
Teg's Masrado Limited	10,000 (10,000)	100	10.00 (10.00)
Sub - Total (II)	110,000 (110,000)		22.50 (22.50)
FULLY PAID DEBENTURES			
— QUOTED			
Bell Ceramics Limited	300 (300)	30	0.07 (0.07)
— (Partly Convertible)			
First Leasing Company of India Limited	50 (50)	200	0.04 (0.04)
— (Partly Convertible)			
United Phosphorus Limited	70 (70)	100	0.07 (0.07)
— (Non - Convertible)			
Sub - Total (III)	420 (420)		0.18 (0.18)

GACL FINANCE LIMITED**SCHEDULE 'E' - INVENTORIES (Contd.)**

Name of the Company	Number of Shares/ Debentures	Face Value Rs. per Share/ Debenture	As at 30th June, 1998 Rs. in lacs
TRADEABLE WARRANT — UNQUOTED			
J.M.Shares & Stock Brokers Limited	— (5,650)	3	— (0.17)
Sub - Total (IV)	<u>0</u> (5,650)		<u>0.00</u> (0.17)
Total (I + II + III + IV)	<u>644,597</u> (645,347)		<u>92.15</u> (102.85)

Previous year figures are in brackets

As at
30.06.98
Rs. in lacs

As at
30.06.97
Rs. in lacs

SCHEDULE 'F' - CASH AND BANK BALANCE

Cash on hand (Rs. 267/-)		0.01
Bank Balances :		
With Scheduled Banks		
In Current Account	<u>16.19</u>	<u>19.55</u>
	<u>16.19</u>	<u>19.56</u>

SCHEDULE 'G' - LOANS AND ADVANCES

(Unsecured, Considered good) :

Shares/Debentures application Money	<u>50.00</u>	<u>0.25</u>
Advances recoverable in cash or kind or for value to be received	<u>1.02</u>	<u>—</u>
Advance Tax & Tax Deducted at source	<u>4.41</u>	<u>35.98</u>
Loan to a Company	<u>0.75</u>	<u>—</u>
	<u>56.18</u>	<u>36.23</u>

SCHEDULE 'H' - CURRENT LIABILITIES & PROVISIONS

Current Liabilities :

Sundry Creditors	<u>0.15</u>	<u>0.27</u>
Provisions :		
Proposed Dividend	<u>4.80</u>	<u>—</u>
Provision for Corporate Dividend tax	<u>0.48</u>	<u>—</u>
Provision for Taxation	<u>0.70</u>	<u>32.05</u>
	<u>6.13</u>	<u>32.32</u>

1997-98
Rs. in lacs

1996-97
Rs. in lacs

SCHEDULE 'I' - VARIATION IN STOCKS

CLOSING STOCK		
Shares & Debentures	<u>92.15</u>	<u>102.85</u>
OPENING STOCK		
Shares & Debentures	<u>102.85</u>	<u>122.84</u>
INCREASE/(DECREASE) IN STOCKS	<u>(10.70)</u>	<u>(19.99)</u>

SCHEDULE 'J' - NOTES FORMING PART OF THE ACCOUNTS**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****(a) System of Accounting :**

The Company prepares its financial statements in accordance with the generally accepted accounting principles and the requirements of the Companies Act, 1956.

(b) Investments :

Investments are stated at cost.

(c) Inventories :

Inventories comprising of shares, debentures and other securities has been valued at lower of cost or market value.

(d) Revenue Recognition :

Income and expenditure are accounted for on accrual basis.

(e) Fixed Assets :

Fixed Assets are stated at cost of acquisition less depreciation.

(f) Depreciation :

(i) Depreciation on leased assets is charged over the primary period of lease as stated in the agreement to match with the lease rental income.

(ii) Depreciation on other assets is provided as per the rates specified in Schedule XIV to the Companies Act, 1956 on Straight Line Method.

2. The figures of the previous year have been regrouped and rearranged wherever necessary.

3. Provision for Taxation in respect of Assessment year 1998 - 99 as per Accounts prepared for the purpose for the 'Previous Year' ending 31st March, 1998 represent Minimum Alternate Tax payable in accordance with provision of Section 115JA of the Income Tax Act, 1961. The same may be available as tax credit for set off in the subsequent years in terms of Section 115JAA of the said Act. The income, if any, for the three months period from 1st April, 1998 to 30th June, 1998 forming part of the annexed accounts, will be assessed as a part of the composite income relevant to the Assessment Year 1999-2000. As a result the tax liability, if any, in respect of assessable income of the said three months cannot be quantified at present and hence no provision for taxation is made therefor.

4. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956 to the extent applicable is furnished below :

Details of Trading Activities :

CLASS OF GOODS	SHARES	DEBENTURES	WARRANTS	UNITS
(i) Opening Stock				
Quantity (Nos.)	<u>6,39,277</u> (4,26,477)	<u>420</u> (420)	<u>5,650</u> (5,650)	<u>—</u> (4,78,927.203)
Value (Rs. in Lacs)	<u>102.50</u> (72.48)	<u>0.18</u> (0.19)	<u>0.17</u> (0.17)	<u>—</u> (50.00)
(ii) Purchases				
Quantity (Nos.)	<u>48,000</u> (5,12,300)	<u>—</u> (—)	<u>—</u> (—)	<u>2,08,333.333</u> (—)
Value (Rs. in Lacs)	<u>193.86</u> (803.67)	<u>—</u> (—)	<u>—</u> (—)	<u>25.00</u> (—)
(iii) Sales				
Quantity (Nos.)	<u>43,100</u> (2,99,500)	<u>—</u> (—)	<u>5,650</u> (—)	<u>2,08,333.333</u> (4,78,927.203)
Value (Rs. in Lacs)	<u>207.65</u> (753.25)	<u>0.02</u> (—)	<u>—</u> (—)	<u>26.31</u> (52.25)
(iv) Closing Stock				
Quantity (Nos.)	<u>6,44,177</u> (6,39,277)	<u>420</u> (420)	<u>—</u> (5,650)	<u>—</u> (—)
Value (Rs. in Lacs)	<u>91.97</u> (102.50)	<u>0.18</u> (0.18)	<u>—</u> (0.17)	<u>—</u> (—)

Previous year figures are in brackets.

5. Figures less than Rs.500 have been shown at actuals wherever statutorily required to be disclosed since, the figures have been rounded off to the nearest thousand

Signatures to Schedules 'A' to 'J'

As per our attached Report of even date

For and on behalf of the Board

For NARAYAN PASARI & CO.,
Chartered Accountants

Narayan Pasari
Proprietor

B. L. Taparia
A. C. Singhvi } Directors

Mumbai
Date : 15th July, 1998

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No. 5 1 2 4 0 State Code

Balance Sheet Date 3 0 0 6 9 8

Date Month Year

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue N i l Rights Issue N i l

Bonus Issue N i l Private Placement N i l

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 1 7 7 7 5 Total Assets 1 7 7 7 5

Sources of Funds

Paid-up Capital 4 8 0 0 Reserves & Surplus 1 2 9 7 5

Secured Loans N i l Unsecured Loans N i l

Application of Funds

Net Fixed Assets 6 3 Investments 1 8 5 4

Net Current Assets 1 5 8 5 8 Misc. Expenditure N i l

IV. Performance of Company (Amount in Rs. Thousands)

Turnover 2 3 3 9 8 Total Expenditure 2 4 7 2 4

Profit/Loss Before Tax + 2 3 2 5 Profit/Loss After Tax + 2 2 5 5

(Please tick appropriate box + for Profit - for Loss)

Earning Per Share in Rs. 4 . 7 0 Dividend Rate % 1 0%

V. Generic Name of Principal Product of Company

Item Code No.

(ITC Code)

Product Description

As per our attached Report of even date

For and on behalf of the Board

For NARAYAN PASARI & CO.,
Chartered Accountants

Narayan Pasari
Proprietor

B. L. Taparia
A. C. Singhvi } Directors

Mumbai
Date : 15th July, 1998

CONCRETE INVESTMENTS LIMITED**DIRECTORS' REPORT**

To the Members,

The Directors hereby present the Ninth Annual Report alongwith Audited Accounts for the year ended on 30th June, 1998.

1. FINANCIAL RESULTS

Due to the continued bearish market conditions, our company has incurred a loss of Rs. 4.61 lacs during the year. The loss during the previous year was Rs.14.71 lacs. This is primarily due to marked to market values of inventories/investment.

The highlights of the financial results for the year ended 30th June, 1998 are :-

	Current Year 1997-98 (Rs. in lacs)	Previous Year 1996-97 (Rs. in lacs)
Gross Income	<u>50.82</u>	<u>79.12</u>
Profit/(Loss) before Taxation	<u>(4.58)</u>	<u>(14.74)</u>
Provision for Tax	<u>(0.03)</u>	<u>0.03</u>
Profit/(Loss) after Taxation	<u>(4.61)</u>	<u>(14.71)</u>
Add : Balance brought forward from previous year	<u>17.33</u>	<u>32.04</u>
Balance available for appropriation	<u>12.72</u>	<u>17.33</u>
Appropriation :		
Balance carried forward	<u>12.72</u>	<u>17.33</u>
	<u>12.72</u>	<u>17.33</u>

2. DIVIDEND

In order to conserve resources for the business, your Directors do not recommend any dividend for the year ended 30th June, 1998 (Previous year Nil) and carry forward the entire amount of Rs.12.72 lacs to next accounting year.

3. DIRECTORS

During the year Shri Sridhar Ranganathan resigned as Director of the Company. Shri P. K. Parakh was appointed as Director to fill casual vacancy due to resignation of Shri Sridhar Ranganathan. The Board placed on record its appreciation for the valuable service rendered by Shri Sridhar Ranganathan during his tenure.

Shri A. C. Singhvi and Shri R. J. Kampani, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

4. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the year.

5. AUDITORS

M/s. Narayan Pasari & Co., Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

6. EMPLOYEES

The Company had no employees getting salary more than limits specified in Section 217 (2A) of the Companies Act, 1956.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The relevant information to be given pursuant to Section 217 (1) (e) of the Companies Act, 1956 is not given as the same is not applicable.

On behalf of Board of Directors

Place : Mumbai
Date : 15th July, 1998

B. L. Taparia A. C. Singhvi
Director Director

AUDITORS' REPORT

TO THE MEMBERS OF CONCRETE INVESTMENTS LIMITED

We have audited the attached Balance Sheet of CONCRETE INVESTMENTS LIMITED as at 30th June, 1998 and also the annexed Profit & Loss Account of the Company for the year ended on that date and report thereon as under :

- As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph (1) above, we report that :
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion proper Books of Accounts as required by Law have been kept by the Company so far as appears from our examination of those Books.

(c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account.

(d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view :-

- in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 1998 and
- in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For NARAYAN PASARI & CO.,
Chartered Accountants

Place : Mumbai
Date : 15th July, 1998

Narayan Pasari
Proprietor

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (1) of our Report of even date)

On the basis of such checks, as we considered appropriate and as per the information and explanations given to us, we further report as under :-

- The Stocks of shares have been physically verified by the management at reasonable intervals during the year.
- The procedure followed by the management for physical verification of stocks is reasonable and adequate in relation to the size of the Company and the nature of its business.
- No material discrepancies have been noticed on physical verification of stocks as compared to book records in so far as it appears from our examination of the books.
- In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- The Company has not taken any loans, secured or unsecured from companies, firms or other parties as listed in the register maintained under Section 301 and from companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
- The Company has not granted any loans, secured or unsecured, to companies, firms or other parties as listed in the register maintained under Section 301 and to companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
- The Company has not granted any loan or advances in the nature of loans.
- In our opinion there is an adequate internal control procedure commensurate with the size of the Company and nature of its business for the purchase and sale of shares/securities.
- The Company has no transactions of purchase or sale of shares / securities in excess of Rs.50,000/- in value from parties entered in the register maintained U/s.

301 of the Companies Act, 1956 and hence there does not arise any question of reasonability of prices paid or received.

- In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- The Company has not accepted any deposits from public.
- On the basis of the records of the Company there was no undisputed amounts payable in respect of Income tax, which have remained outstanding as at 30th June, 1998 for a period of more than six months from the date it became payable. We have been informed that the laws under Wealth Tax, Sales Tax, Customs Duty and Excise Duty do not apply to the Company.
- There are no personal expenses charged to revenue account.
- The Company is not a sick industrial Company within the meaning of Clause (o) of Section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.
- The Company has not granted loans and advances on the basis of security by way of pledge of shares.
- The Company is dealing/trading in shares and proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares have been held by the Company in its own name, except to the extent of exemption granted under Section 49 of the Companies Act, 1956.
- In our opinion and taking in to consideration the nature of business of the Company other clauses of the said Order are not applicable to the Company for the year under audit.

For NARAYAN PASARI & CO.,
Chartered Accountants

Place: Mumbai
Date: 15th July, 1998

Narayan Pasari
Proprietor

CONCRETE INVESTMENTS LIMITED

BALANCE SHEET AS AT 30TH JUNE, 1998

	Schedule	As at 30-06-1998 Rs. in lacs	As at 30-06-1997 Rs. in lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	48.00	48.00
Reserves and Surplus	B	13.71	18.32
		<u>61.71</u>	<u>66.32</u>
TOTAL		<u>61.71</u>	<u>66.32</u>
APPLICATION OF FUNDS			
INVESTMENTS	C	4.44	4.44
CURRENT ASSETS, LOANS & ADVANCES			
Current Assets :			
Inventories	D	40.68	53.14
Sundry Debtors (Unsecured considered good)			
Debts outstanding for less than six months		0.30	—
Cash and Bank Balances	E	13.07	5.54
Other Current Assets:			
Dividend Receivable		0.44	0.44
Loans & Advances: (Unsecured, considered good)			
Advance tax & tax deducted at source		2.93	2.98
		<u>57.42</u>	<u>62.10</u>
Less : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities:			
Sundry Creditors		0.15	0.15
Provisions:			
Provision for taxation		—	0.07
		<u>0.15</u>	<u>0.22</u>
NET CURRENT ASSETS		<u>57.27</u>	<u>61.88</u>
TOTAL		<u>61.71</u>	<u>66.32</u>

NOTES FORMING PART OF THE ACCOUNTS

F

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1998

	Schedule	1997-98 Rs. in lacs	1996-97 Rs. in lacs
INCOME			
Sales		3.51	57.65
Dividends-Gross (Tax deducted at source Rs.0.06 lacs, Previous year Rs.0.32 lacs)		3.51	1.57
Interest received on - Other - Gross (Previous year Rs.33/-)		—	—
Income From Brokerage		3.12	1.52
Income from Badlo		—	4.76
Other Income		—	0.03
Closing Stocks		40.68	53.14
		<u>50.82</u>	<u>118.67</u>
EXPENDITURE			
Opening Stock		53.14	39.55
Purchases		1.72	89.32
Interest on Loan		—	3.79
Auditors' remuneration :			
Audit Fees		0.12	0.12
Tax Audit Fees		0.03	0.03
Other Services		0.02	—
Miscellaneous Expenses		0.37	0.60
		<u>55.40</u>	<u>133.41</u>
Profit / (Loss) before tax		(4.58)	(14.74)
Provision for taxation (Refer Note No.3)		—	—
Profit/(Loss) after tax		(4.58)	(14.74)
Balance as per last Account		17.33	32.04
Balance of Profit		12.75	17.30
Add/(Less) : Taxation of earlier years (net)		(0.03)	0.03
Balance carried to Balance Sheet		<u>12.72</u>	<u>17.33</u>

NOTES FORMING PART OF THE ACCOUNTS

F

As per our attached Report of even date

For NARAYAN PASARI & CO.,
Chartered Accountants

For and on behalf of the Board

Narayan Pasari
ProprietorB. L. Taparia
A. C. Singhvi } DirectorsMumbai
Date : 15th July, 1998

As per our attached Report of even date

For NARAYAN PASARI & CO.,
Chartered Accountants

For and on behalf of the Board

Narayan Pasari
ProprietorB. L. Taparia
A. C. Singhvi } DirectorsMumbai
Date : 15th July, 1998

CONCRETE INVESTMENTS LIMITED**SCHEDULES 'A' TO 'F' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1998.**

	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'A' - SHARE CAPITAL		
Authorised		
9,50,000 Equity shares of Rs.10/- each	95.00	95.00
	<u>95.00</u>	<u>95.00</u>

Issued, Subscribed and Paid up

4,80,000 Equity Shares of Rs.10/-each fully paid up ..	48.00	48.00
{Out of above 4,79,475 Equity Shares held by the Holding Company, Gujarat Ambuja Cements Limited}		
	<u>48.00</u>	<u>48.00</u>

SCHEDULE 'B' - RESERVES AND SURPLUS

General Reserve	0.99	0.99
Surplus As per Profit and Loss Account	12.72	17.33
	<u>13.71</u>	<u>18.32</u>

SCHEDULE 'C' - INVESTMENTS (at Cost)

In Government & Trust Securities		
Unquoted		
In Mutual Fund Units, Fully paid		
10,000 BOB Equity - Linked Saving Scheme		
of Rs. 10/- each of BOB Mutual Fund	1.00	1.00
In Trust Securities		
21,880 Units of Rs.10/- each of		
Unit Trust of India.	3.44	3.44
[Repurchase Value Rs.3.28 lacs,		
Previous year Rs.3.25 lacs]		
	<u>4.44</u>	<u>4.44</u>

SCHEDULE 'D' - INVENTORIES

(At Lower of Cost or Market Value)

Name of the Company	Number of Shares	Face Value Rs. per Share	As at 30th June, 1998 Rs. in lacs
FULLY PAID EQUITY SHARES			
- QUOTED			
Bank of Baroda	100	10	0.08
[Previous year Partly Paid]	(100)		(0.05)
Bell Ceramics Limited	38,600	10	1.54
	(38,600)		(3.42)
Birla Corp Limited	200	10	0.11
[Birla Jute & Industries Limited]	(200)		(0.11)
BSES Limited	51	10	0.03
	(51)		(0.03)
Chettinad Cement Corporation Limited	1,000	10	0.11
	(1,000)		(0.11)
Dalmia Cement (Bharat) Limited	66	10	0.03
	(66)		(0.03)
DCW Limited	10,950	10	1.27
	(10,950)		(2.07)
Essar Steel Limited	750	10	0.12
	(750)		(0.14)

SCHEDULE 'D' - INVENTORIES (Contd.)

(At Lower of Cost or Market Value)

Name of the Company	Number of Shares	Face Value Rs. per Share	As at 30th June, 1998 Rs. in lacs
Floatglass India Limited	10,000	10	0.95
	(10,000)		(1.65)
Gujarat Sidhee Cement Limited	100	10	0.01
	(100)		(0.01)
Gujarat Telephone Cables Limited	19,141	10	1.22
	(19,141)		(1.53)
Hindustan Powerplus Limited	10,000	10	2.70
	(10,000)		(6.03)
The India Cements Limited	60	10	0.01
	(60)		(0.01)
The Indian Hotels Company Limited	6	10	0.01
	(6)		(0.01)
The Industrial Credit & Investment	133	10	0.04
Corporation Of India Limited	(133)		(0.04)
Kinetic Honda Motor Limited	-	10	-
	(1,000)		(0.75)
Kanoria Industries Limited	625	10	0.04
	(625)		(0.04)
Ambuja Cement Eastern Limited	125	10	0.02
[Modi Cement Limited]	(500)		(0.02)
Mysore Cements Limited	500	10	0.05
	(500)		(0.08)
Narmada Cement Company Limited	500	10	0.03
	(500)		(0.03)
OCL India Limited	100	10	0.04
	(100)		(0.04)
Pal - Peugeot Limited	60,700	10	0.64
	(60,700)		(3.04)
Prism Cement Limited	100	10	0.01
	(100)		(0.01)
Priyadarshini Cement Limited	160,000	10	31.36
	(160,000)		(33.60)
Raasi Cement Limited	-	10	-
	(100)		(0.02)
Shree Cements Limited	200	10	0.03
	(200)		(0.03)
Tata Finance Limited	110	10	0.03
	(110)		(0.03)
Willard India Limited	10,000	10	0.20
	(10,000)		(0.21)
Total	324,117		40.68
	(325,592)		(53.14)

Previous year figures are in brackets

	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'E' - CASH AND BANK BALANCES		
Cash on hand	0.02	0.02
Bank Balances:		
With Scheduled Banks		
In Current Account	13.05	5.52
	<u>13.07</u>	<u>5.54</u>

SCHEDULE 'F' - NOTES FORMING PART OF THE ACCOUNTS**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****(a) System of Accounting:**

The Company prepares its financial statements in accordance with the generally accepted accounting principles and the requirements of the Companies Act, 1956.

(b) Investments :

Investments are stated at cost.

(c) Inventories :

Inventories comprising of shares has been valued at lower of cost or market value.

(d) Revenue Recognition :

Income and expenditure are accounted for on accrual basis.

2. The figures of the previous year have been regrouped and rearranged wherever necessary.**3. Provision for Taxation has not been made in absence of assessable income (including Minimum Alternate Tax) in respect of Assessment year 1998-99 as per Accounts prepared for the purpose for the 'Previous Year' ending 31st March, 1998, and also in absence of assessable income for the three months period from 1st April, 1998 to 30th June, 1998 forming part of the annexed accounts.****4. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956 to the extent applicable is furnished below :****Details of Trading Activities:**

CLASS OF GOODS	SHARES
(i) Opening Stock	
Quantity (Nos.)	3,25,592 (1,94,692)
Value (Rs. in Lacs)	53.14 (39.55)
(ii) Purchases	
Quantity (Nos.)	2,000 (150,900)
Value (Rs. in Lacs)	1.72 (89.32)
(iii) Sales	
Quantity (Nos.) *	3,475 (20,000)
Value (Rs. in Lacs)	3.51 (57.65)
(iv) Closing Stock	
Quantity (Nos.)	3,24,117 (3,25,592)
Value (Rs. in Lacs)	40.68 (53.14)

Previous year figures are in brackets.

* Includes 375 shares towards reduction of share capital of a company during the year.

5. Figures less than Rs.500 have been shown at actuals wherever statutorily required to be disclosed since, the figures have been rounded off to the nearest thousand.**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No.

5 1 8 0 1

State Code 1 1

Balance Sheet Date

3 0 0 6 9 8

Date Month Year

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue

N i l

Rights Issue

N i l

Bonus Issue

N i l

Private Placement

N i l

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

6 1 7 1

Total Assets

6 1 7 1

Sources of Funds

Paid-up Capital

4 8 0 0

Reserves & Surplus

1 3 7 1

Secured Loans

N i l

Unsecured Loans

N i l

Application of Funds

Net Fixed Assets

N i l

Investments

4 4 4

Net Current Assets

5 7 2 7

Misc. Expenditure

N i l

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

3 5 1

Total Expenditure

5 5 4 0

Profit/Loss Before Tax

- 4 5 8

Profit/Loss After Tax

- 4 5 8

(Please tick appropriate box + for Profit - for Loss)

Earning Per Share in Rs.

N i l

Dividend Rate %

N i l

V. Generic Name of Principal Product of Company

Item Code No.

(ITC Code)

Product Description

Signatures to Schedules 'A' to 'F'

As per our attached Report of even date

For NARAYAN PASARI & CO.,
Chartered Accountants

For and on behalf of the Board

Narayan Pasari
Proprietor

B. L. Taparia
A. C. Singhvi } Directors

Mumbai
Date : 15th July, 1998

As per our Annexed Report of even date

For NARAYAN PASARI & CO.,
Chartered Accountants

For and on behalf of the Board

Narayan Pasari
Proprietor

B. L. Taparia
A. C. Singhvi } Directors

Mumbai
Date : 15th July, 1998

INDO NIPPON SPECIAL CEMENTS LIMITED

DIRECTORS' REPORT

To the Members,

The Directors hereby present the Tenth Annual Report alongwith Audited Accounts for the year ended on 30th June, 1998.

1. FINANCIAL RESULTS

The highlights of the financial results for the year ended 30th June, 1998 are :-

	Current Year 1997-98 (Rs. in lacs)	Previous Year 1996-97 (Rs. in lacs)
Sales	2471.47	5186.93
Profit before Tax	8.38	16.10
Provision for Taxation	8.17	5.07
Net Profit after Taxation	0.21	11.03
Add : Adjustments for previous years	—	(0.58)
Balance brought forward from previous year	20.46	10.01
Profit available for appropriation	20.67	20.46
Appropriation :		
Balance carried forward	20.67	20.46

2. OPERATIONS

During the year a total of 1.15 lac MT cement was sold valuing Rs.24.71 crores, as against 2.37 lac MT in the previous year valuing Rs.51.87 crores.

3. PROJECT PROGRESS

The Company's project to manufacture cement is still in implementation stage. During the year the Company has incurred a sum of Rs. 0.93 lacs towards pre-operative expenses which will be capitalised on completion of the project.

4. DIRECTORS

Shri B. L. Taparia and Shri P. C. Jain, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

5. AUDITORS

M/s. S. Bhandari & Co., Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

6. EMPLOYEES

The provisions of Section 217(2A) of the Companies Act, 1956 relating to certain employees are not attracted during the year.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The relevant information to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 is not given as the Company is in project implementation stage.

On behalf of Board of Directors

Place : Mumbai
Date : 12th August, 1998

P. B. Kulkarni
Director
B. L. Taparia
Director

AUDITORS' REPORT

TO THE MEMBERS OF INDO NIPPON SPECIAL CEMENTS LTD.

We have audited the attached Balance Sheet of INDO NIPPON SPECIAL CEMENTS LTD. as at 30th June, 1998 and the Profit & Loss Account for the year ended on that date annexed thereto & report that :

- As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in Annexure - I, Statement on the matters specified in paragraphs 4 and 5 of the said Order.
- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of such books.
- The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.

- In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read along with Schedule A to J and subject to our observations in Annexure I, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

- In the case of Balance Sheet of 'State of affairs', of the Company as at 30th June, 1998 and
- In the case of Profit & Loss Account, of the 'Profit' of the Company for the year ended on that date.

For S. BHANDARI & CO.
Chartered Accountants

Place : Jaipur
Date : 7th August, 1998

P. D. Baid
Partner

ANNEXURE I TO THE AUDITORS' REPORT

(Referred to in Para I of our report of even date (year 1997-98))

- There are no fixed assets with the Company except allotted leasehold land, relevant particulars whereof have duly been entered in Fixed Assets Register.
- The leasehold land has not been revolved during the year.
- Physical verification of stocks of traded goods was conducted by the management at reasonable intervals, however there are no stocks of raw materials, stores & spare parts.
- In our opinion, the procedures of physical verification of stocks of traded goods followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
- The discrepancies between the physical stocks and book stocks which have been properly dealt with in the books of account, were not material.
- In our opinion the valuation of stocks of traded goods has been fair and proper and is in accordance with the normally accepted accounting principles.
- The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and from the companies under the same management as defined under Sub-Section (1B) of Section 370 of the Companies Act, 1956.
- The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 and to the Companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
- No loans or advances in the nature of loans have been given to any other party.
- In our opinion and according to the informations and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the sale of goods. However no purchase of stores, raw materials, including components, plant & machinery, equipment and other assets have been made.
- In our opinion and according to the information and explanations given to us, where transactions have been made for purchase of goods and materials in pursuance of contracts and arrangements required to be entered in register maintained u/s. 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000/- or more in respect of each party, same have been made at prices

which are reasonable having regard to prevailing market prices of such goods and materials where such market prices are available, or prices at which transactions for similar goods and materials with other parties have been made. However, no such transactions with above parties have been made for sale of goods, materials and services as aggregating during the year to Rs. 50,000 or more in respect of each party.

- There is no stock of finished goods, raw materials and stores hence the clause is not applicable.
- The Company has not accepted any deposits from the public and consequently the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
- There is no sale or disposal of scrap & bye-products.
- In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- The provisions of Sec. 209(1)(d) of the Companies Act, 1956 regarding maintenance of cost records are not applicable to the Company as there is no manufacturing activity during the year.
- The provisions of the Provident Fund Act & the Employees State Insurance Act are not applicable to the Company.
- There were no undisputed amount payable in respect of Income-tax, Wealth Tax, Sales Tax, Customs Duty & Excise Duty outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- According to the information and explanations given to us, no personal expenses have been charged to Revenue Account.
- The Company is not a Sick Industrial Company within the meaning of Clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- Damaged goods, if any, has been determined and adequate provision has been made in the accounts for the items so determined.

For S. BHANDARI & CO.
Chartered Accountants

Place : Jaipur
Date : 7th August, 1998

P. D. Baid
Partner

INDO NIPPON SPECIAL CEMENTS LIMITED

BALANCE SHEET AS AT 30TH JUNE, 1998

	Schedule	As at	As at
		30.06.1998	30.06.1997
		Rs.in lacs	Rs.in lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	30.00	30.00
Reserves & Surplus	B	20.67	20.46
TOTAL		50.67	50.46
APPLICATION OF FUNDS			
FIXED CAPITAL EXPENDITURE			
Fixed Assets (Land Leasehold)		13.34	13.34
Pre operative Expenses during construction			
(Pending allocation)	C	2.84	1.91
		16.18	15.25
INVESTMENTS (AT COST)	D	0.02	0.02
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	E	—	30.87
Sundry Debtors		—	66.53
Cash & Bank Balances		19.13	36.52
Loans and Advances		13.35	10.64
		32.48	144.56
Less : CURRENT LIABILITIES & PROVISION	F	0.81	107.50
Current Liabilities		—	5.07
Provisions		0.81	112.57
Net Current Assets		31.67	31.99
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Preliminary Expenses		2.80	3.20
TOTAL		50.67	50.46
NOTES FORMING PART OF THE ACCOUNTS			
	J		

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1998

	Schedule	1997-98 Rs. in lacs	1996-97 Rs. in lacs
INCOME			
Sales		2,471.47	5,186.93
Other Income (Previous year Rs.450/-) ..		0.03	
Increase/ (Decrease) in Stock	G	(30.87)	(10.50)
		<u>2,440.63</u>	<u>5,176.43</u>
EXPENDITURE			
Purchases		2,381.70	5,075.48
Operat onal & Administrative Expenses ..	H	12.01	17.40
Selling & Distribution Expenses	I	35.13	65.24
Interest Others		2.21	1.81
Preliminary Expenses Written off		0.40	0.40
		<u>2,432.25</u>	<u>5,160.33</u>
Profit before taxation		8.38	16.10
Provision for Income Tax		8.17	5.07
Profit for the year		0.21	11.03
Balance as per last A/c		20.46	10.01
		<u>20.67</u>	<u>21.04</u>
Adjustment relating to earlier years		—	(0.58)
Tax adjustment relating to earlier years			—
(Current Year Rs. 470/-)			
Balance Carried to Balance sheet		<u>20.67</u>	<u>20.46</u>
NOTES FORMING PART OF THE ACCOUNTS			

As per our attached Report of even date

For S. BHANDARI & Co.,
Chartered Accountants

For and on behalf of the Board

P. D. Baid
PartnerB. L. Taparia }
P. B. Kulkarni } DirectorsPlace : Jaipur
Date : 7th August, 1998Place : Mumbai
Date : 5th August, 1998

As per our attached Report of even date

For S. BHANDARI & Co.,
Chartered AccountantsP. D. Baid
PartnerB. L. Taparia }
P. B. Kulkarni } DirectorsPlace : Jaipur
Date : 7th August, 1998Place : Mumbai
Date : 5th August, 1998

INDO NIPPON SPECIAL CEMENTS LIMITED

**SCHEDULE 'A' TO 'J' ANNEXED TO AND FORMING
PART OF THE BALANCE SHEET AS AT AND PROFIT &
LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE ,
1998.**

	As at 30.6.98 Rs. in lacs	As at 30.6.97 Rs. in lacs
SCHEDULE 'A' - SHARE CAPITAL		
Authorised		
2,50,00,000 Equity shares of Rs.10/- each	2,500.00	2,500.00

Issued, Subscribed and Paid up

3,00,000 Equity Shares of Rs.10/-each fully paid up (Out of above 2,99,950 Equity Shares held by the Holding Company, Gujarat Ambuja Cements Limited)	30.00	30.00
TOTAL	30.00	30.00

SCHEDULE 'B' - RESERVES & SURPLUS

Surplus as per Profit & Loss A/c	20.67	20.46
TOTAL	20.67	20.46

**SCHEDULE 'C' - PREOPERATIVE EXPENDITURE
DURING CONSTRUCTION
(Pending allocation)**

Balance at the beginning of the year	1.91	1.01
Rent	0.93	0.90
TOTAL	2.84	1.91

SCHEDULE 'D' - INVESTMENTS

Long term investments (At cost)		
In Government Securities (Unquoted)		
National Saving Certificates of face value of Rs. 1000/- each	0.02	0.02
TOTAL	0.02	0.02

SCHEDULE 'E' - CURRENT ASSETS, LOANS & ADVANCES

I. INVENTORIES (As certified and valued by the Management)		
Stock in trade-Cement	—	30.87
TOTAL (I)	—	30.87
II. SUNDRY DEBTORS (Unsecured, considered good)		
Over Six months	—	—
Others	—	66.53
TOTAL (II)	—	66.53
III. CASH & BANK BALANCES		
Cash in hand	0.05	0.05
Bank Balance with Scheduled Banks		
In Current Account	1.95	36.47
In Fixed Deposit (Out of this, FDR of Rs.2000/- is pledged with Government Department)	17.10	—
Interest Accrued on FDR	0.03	—
TOTAL (III)	19.13	36.52

As at
30.6.98
Rs. in lacs

As at
30.6.97
Rs. in lacs

SCHEDULE 'E' - CURRENT ASSETS, LOANS & ADVANCES (Contd.)

IV. LOANS AND ADVANCES (Unsecured , considered good)		
Advances recoverable in cash or in kind for value to be received	0.46	0.61
Advance Tax, Net of Provisions	2.82	—
Deposits	10.07	10.03
TOTAL (IV)	13.35	10.64
TOTAL (I+II+III+IV)	32.48	144.56

SCHEDULE 'F' - CURRENT LIABILITIES & PROVISIONS

I. CURRENT LIABILITIES :		
Sundry Creditors for Goods	—	26.67
Other Liabilities for Expenses	0.81	56.96
Security Deposits	—	11.00
Advance against supply	—	12.87
TOTAL (I)	0.81	107.50
II. PROVISIONS :		
Provision for Taxation	—	5.07
TOTAL (II)	—	5.07
TOTAL (I+II)	0.81	112.57

1997-98
Rs. in lacs

1996-97
Rs. in lacs

**SCHEDULE 'G' - INCREASE /(DECREASE)
IN STOCKS**

Stock-in-trade at the commencement	30.87	41.37
Stock- in-trade at close	—	30.87
Increase /(Decrease) in Stock	(30.87)	(10.50)

**SCHEDULE 'H' - OPERATIONAL &
ADMINISTRATIVE EXPENSES**

Rent, Rates & Taxes	3.33	5.02
Auditor's Remuneration :		
Audit fee	0.30	0.30
Tax Audit fee	0.10	0.10
Reimbursement of Expenses	0.49	0.39
Internal Audit fee	0.05	0.05
Bank Charges	4.08	7.51
Miscellaneous Expenditure	4.46	4.03
TOTAL	12.81	17.40

**SCHEDULE 'I' - SELLING & DISTRIBUTION
EXPENSES**

Warehouse Expenses	29.48	54.27
Commission	5.65	9.40
Freight and Cartage	—	1.57
TOTAL	35.13	65.24

CEMENT AMBUJA INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

1. The directors submit herewith their Annual Report to the Members together with the accounts for the year ended June 30, 1998.

2. REVIEW OF THE BUSINESS

The Company was incorporated on June 20, 1996 as an offshore company and its main activities are trading in cement, clinker and chartering of ships.

The profit and loss account is set out on page 4.

3. DIVIDEND

The directors recommend that a dividend of USD 270,000 be declared for the year under review.

4. AUDITOR

The auditor, J. Louis Couacaud (F.C.A.) has expressed his willingness to continue in office and in accordance with Section 164(2) of the Companies Act, 1984 a resolution for his re-appointment will be proposed at the next Annual General Meeting.

By order of the Board

Multiconsult Ltd.
Secretary

Date : 23rd July, 1998

REPORT OF THE AUDITOR TO THE MEMBERS

I have audited the accounts of Cement Ambuja International Limited set out on pages 3 to 8 which have been prepared on the basis of the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with Companies Act, 1984, as applicable under the Mauritius Offshore Business Activities Act 1992. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is my responsibility to form an independent opinion, based on my audit, on those accounts and to report my opinion to you.

BASIS OF OPINION

I conducted my audit in accordance with International Standards on Auditing. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In my opinion the accounts give a true and fair view of the state of affairs of the company as at June 30, 1998 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act, 1984, as applicable under the Mauritius Offshore Business Activities Act 1992.

J. LOUIS COUACAUD (F.C.A.)

Port Louis,
MAURITIUS.

Date : 23rd July, 1998

BALANCE SHEET - JUNE 30, 1998

	Note	1998 USD	1997 USD
ASSETS EMPLOYED			
INVESTMENTS	2	700,000	—
CURRENT ASSETS			
Receivable from Holding Company		5,871,000	7,019,000
Accounts receivable	3	3,500	5,136
Fixed deposit		2,482,014	2,843,228
Bank balance		773	346,986
		8,357,287	10,214,350
CURRENT LIABILITIES			
Accounts payable	4	1,816,560	1,991,617
Proposed dividend	5	270,000	270,000
		2,086,560	2,261,617
NET CURRENT ASSETS			
		6,270,727	7,952,733
		6,970,727	7,952,733
FINANCED BY			
SHARE CAPITAL	6	2,700,000	2,700,000
RETAINED PROFIT	7	270,727	252,733
LOAN CAPITAL	8	4,000,000	5,000,000
		6,970,727	7,952,733

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
JUNE 30, 1998

	Note	Year ended June 30, 1998 USD	Period from June 20, 1996 to June 30, 1997 USD
INCOME			
Turnover	1	9,166,620	—
Profit on sale of ships	9	139,051	139,051
Freight Received		—	247,014
Interest Income	1	154,750	94,809
Income from Chartering of ships		320,880	553,440
		9,781,301	1,034,314
EXPENDITURE			
Cost of Sales		9,016,084	—
Freight paid		—	234,201
Interest and finance charges		457,693	210,868
Legal and professional fees		2,073	28,718
Consultancy charges		5,500	17,342
Miscellaneous expenses		9,235	9,580
Running expenses for ships		2,222	10,472
Audit fees		500	400
		9,493,307	511,581
PROFIT FOR THE YEAR			
		287,994	522,733
PROPOSED DIVIDEND			
	5	(270,000)	(270,000)
RETAINED PROFIT FOR THE YEAR			
		17,994	252,733
RETAINED PROFIT AT JULY 1, 1997			
		252,733	—
RETAINED PROFIT AT JUNE 30, 1998			
		270,727	252,733

These accounts have been approved by the Board of Directors on 23rd July, 1998

Uday Kumar Gajadhar

A. C. Singhvi

Directors

The notes on pages 6 and 8 form part of these accounts.

Auditor's report on page 2.

The notes on pages 6 and 8 form part of these accounts.

Auditor's report on page 2.

CEMENT AMBUJA INTERNATIONAL LIMITED**CASH FLOW STATEMENT**
For the year ended June 30, 1998

	Note	Year ended June 30, 1998	Period from June 20, 1996 to June 30, 1997
		USD	USD
Cash flows from operating activities			
Profit for the year		287,994	522,733
Adjustments for :			
Profit on sale of ships		(139,051)	(139,051)
Interest		(154,750)	(94,809)
Operating profit before working capital changes		(5,807)	288,873
Decrease/(Increase) in prepaid expenses		1,636	(5,136)
(Decrease)/Increase in accrued expenses		(36,006)	181,668
Net cash inflow from operating activities		(40,177)	465,405
Cash flows from investing activities			
Purchase of ships		—	(8,051,000)
Proceeds received from sale of ships		—	1,981,000
Purchase of investment		(700,000)	—
Interest		154,750	94,809
Net cash outflow from investing activities		(545,250)	(5,975,191)
Cash flows from financing activities			
Received from Holding Company		1,148,000	—
Repayment of loan		(1,000,000)	—
Proceeds from issuance of shares		—	2,700,000
Dividend paid		(270,000)	—
Loan received		—	6,000,000
Net cash (outflow)/inflow from financing activities		(122,000)	8,700,000
Net (Decrease)/Increase in cash and cash equivalents		(707,427)	3,190,214
Cash and cash equivalent at beginning of year		3,190,214	—
Cash and cash equivalents at end of year	10	2,482,787	3,190,214

The notes on page 6 to 8 form part of these accounts.
Auditors' report on page 2.

NOTES ON ACCOUNTS (Contd.)

	1998 USD	1997 USD
2. INVESTMENT		
At cost	700,000	—
3. ACCOUNT RECEIVABLE		
Prepayments	3,500	5,136
4. ACCOUNTS PAYABLE		
Portion of loan capital payable within one year	1,000,000	1,000,000
Deferred Profit on sale of ships (see note 9)	556,205	695,256
Other payables and accruals	260,355	296,361
	1,816,560	1,991,617
5. PROPOSED DIVIDEND		
Dividend of USD 1 per share	270,000	270,000
6. SHARE CAPITAL		
Authorised 1,000,000 Ordinary shares of USD 10 each	10,000,000	10,000,000
Issued and Fully paid 270,000 Ordinary shares of USD 10 each	2,700,000	2,700,000
7. RESERVES		
Balance at July 1, 1997	252,733	—
Retained profit for the year	17,994	252,733
Balance at June 30, 1998	270,727	252,733
8. LOAN CAPITAL		
Loan from Bank of America	5,000,000	6,000,000
Less : Repayable within one year	(1,000,000)	(1,000,000)
	4,000,000	5,000,000
The loan is repayable in twelve equal semi-annual instalments commencing six months from the date of drawdown and bears interest at a fixed rate.		
The loan is secured by a mortgage as Statutory First Mortgage of all the 100 shares of the SECURITY SHIP M. V. AMBUJA SHAKTI and M. V. AMBUJA KEERTI together with her boats and appurtenances.		
9. PROFIT ON SALE OF SHIPS		
Balance as at July 1, 1997	695,256	—
Profit on sale of ships	—	834,307
Less amount deferred (See Note 4)	(556,205)	(695,256)
Charge to Profit and Loss Account	139,051	139,051
10. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents are made up as follows :		
Fixed deposit	2,482,014	2,843,228
Bank balance	773	346,986
	2,482,787	3,190,214
11. TAXATION		
The company has been established as an "Offshore Company" for the purpose of the Mauritius Offshore Business Activities Act, 1992. The profit of the company is subject to income tax at 0% unless it elects to pay tax at specified rates not exceeding 35%.		

NOTES ON ACCOUNTS
For the year ended June 30, 1998**1. ACCOUNTING POLICIES**

The principal accounting policies adopted by the company are as follows :

- Basis of accounting**
These accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.
- Turnover**
Turnover is based on total invoiced values, net of any taxes of sales of goods and services less discount, allowances and returns.
- Interest Income**
Interest income is included in the Profit and Loss Account of the accounting period in which it is received.
- Profit on sale of ships**
Profit on sale of ships has been deferred and is being released to the Profit and Loss Account over a period of six years.
- Investment**
Investment is stated at cost.

MIDIGAMA CEMENT (PRIVATE) LIMITED**REPORT OF THE DIRECTORS**

The Directors are pleased to submit their Report together with the Audited Accounts of the Company for the year ended 31 March 1998.

DIRECTORATE AS AT 31 MARCH 1998

Mr Karalasingham Indrasenan

Mr Ponniah Karalasingham

Mr Karalasingham Indrasenan and Mr Ponniah Karalasingham were appointed Directors of the Company on 18 July 1997.

Mr Sukhwant Singh, Mr Gurcharan Singh and Mr Pramjit Singh Saluja the three Directors resigned on 20 March 1998.

Mr Praveen Kumar Aggarwal resigned on 30 March 1998.

Mr Karalasingham Indrasenan and Mr Ponniah Karalasingham retire by rotation in terms of Rule 96 of the Companies Act No. 17 of 1982 and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

The Directors have no direct or indirect interests in any contract or proposed contracts with the Company, other than those stated in the Accounts.

AUDITORS

The Accounts for the year have been audited by Nagasinghe & Company, Chartered Accountants.

The retiring Auditors have intimated their willingness to continue in office.

By order of the Board of Directors of
MIDIGAMA CEMENTS (PRIVATE) LIMITED

K. Indrasenan
Director

Colombo, 2 April 1998

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the Balance Sheet of Midigama Cement (Private) Limited as at 31st March, 1998, set out on pages 03 to 05. Our examination was made in accordance with Sri Lanka Auditing Standards. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion to the best of our information and according to the explanation given to us, the accounts provide the information required by the Company's Act No. 17 of 1982. Further, the accounts give a true and fair view of the state of affairs of the Company as at 31 March 1998 and of its pre-operational expenses for the year then ended, in conformity with generally accepted accounting principles.

We further report that, according to the information available to us, no Director of the Company is directly or indirectly interested in a contract with the Company except as disclosed in note 06 to the accounts.

For Nagasinghe & Company
Chartered Accountants.

Nelson Nagasinghe
Partner

Colombo, 2 April, 1998

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1998**ACCOUNTING POLICIES****1. General Accounting Policies**

The financial statement of the Company is prepared under the historical cost convention in accordance with generally accepted accounting principles and the accounting standards laid down by the Institute of Chartered Accountants of Sri Lanka.

2. Fixed Assets

The cost of fixed assets is their purchase cost or construction cost together with any incidental expenses on acquisition.

Depreciation is calculated to write off fixed assets on a straight line basis over the expected useful lives of the assets concerned. No depreciation is charged in the year of purchase and a full year's depreciation is charged in the year of sale.

3. Taxation

According to the Board of Investment agreement with the Company, the Company's profits and income are exempted from income tax for the period of ten years from the agreement date.

4. Incorporation and Status of the Company

The Company was incorporated on 9th May 1996 and the Company has not commenced its commercial operations as at the balance sheet date. The accounts to 31 March 1998 are the second set of statutory accounts of the Company.

5. Share Capital

During the year under review there is no share issue effected other than following Memorandum shares.

P. K. Aggarwal 1 Share of Rs. 10/- each

B. A. Fernando 1 Share of Rs. 10/- each

6. Directors Interest in Contract

K. Indrasenan a director of the Company funded advances to purchase land to the Company.

7. Post Balance Sheet Events

No circumstances have arisen since the balance sheet date which would require adjustment to, or disclosure in, the accounts.

MIDIGAMA CEMENT (PRIVATE) LIMITED

BALANCE SHEET AS AT 31 MARCH 1998

	Note	1997/98 SLRS	1996/97 SLRS
ASSETS EMPLOYED			
Fixed Assets			
Land	01	8,774,000.00	—
Current Liabilities	02	(3,240.00)	—
		<u>8,770,760.00</u>	<u>—</u>
FINANCED BY			
Share Capital	03	20.00	20.00
Preliminary Expenses	04	(25,300.00)	(25,300.00)
Pre Operational Expenses	05	(3,240.00)	—
Directors Advance Account	06	8,799,280.00	25,280.00
		<u>8,770,760.00</u>	<u>—</u>

For Nagasinghe & Company
Chartered Accountants.

Nelson Nagasinghe
Partner

P. Kalavasingham
Colombo, 2 April, 1998
Director

P. K. Indrasenan
Director

CASH FLOW STATEMENT YEAR ENDED 31 MARCH 1998

	1997/98 SLRS	1996/97 SLRS
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed Assets	(8,774,000.00)	—
Share Advances	8,774,000.00	—
	<u>—</u>	<u>—</u>

NOTES TO THE ACCOUNTS

	1997/98 SLRS	1996/97 SLRS
01 LAND		
15 Acres Estate known as "Obawatte" Midigama, Matara		
Cost	8,500,000.00	—
Stamp Duty	199,000.00	—
Legal Fees	75,000.00	—
	<u>8,774,000.00</u>	<u>—</u>
02 CURRENT LIABILITIES		
Audit Fees Payable	3,240.00	—
03 SHARE CAPITAL		
Authorized		
25,000,000 Ordinary Shares of Rs. 10/- each	250,000,000.00	250,000,000.00
Issued and Fully paid		
02 Ordinary Shares of Rs. 10/- each	20.00	20.00
04 PRELIMINARY EXPENSES		
Company Formation Expenses	(25,300.00)	(25,300.00)
05 PRE OPERATIONAL CHARGES		
Audit Fees	(3,240.00)	—
06 DIRECTORS' ADVANCES		
P. Kalavasingham	25,280.00	25,280.00
K. Indarsenan	8,774,000.00	—
	<u>8,799,280.00</u>	<u>25,280.00</u>



